



02049790

9/4

Follow-Up
Materials

82- SUBMISSIONS FACING SHEET

MICROFICHE CONTROL LABEL



REGISTRANT'S NAME

Walford AG

*CURRENT ADDRESS

**FORMER NAME

**NEW ADDRESS

PROCESSED

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FISCAL YEAR

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WOLFORD

WIEN PARIS LONDON

ANNUAL REPORT 1999

82-4403

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**The 1998/99 Annual Report and Financial
Statements of Woford Aktiengesellschaft
which has its registered headquarters in
Bregenz on Lake Constance**

**The Annual Report and Financial Statements
of Woford Aktiengesellschaft can be
obtained in English and German by calling
00.43.5574.690.268
and will be available as hand-outs
at the 12th Ordinary General Meeting
of Shareholders on 6 September 1999.
From this date forward, the Annual Report
will also be presented on the Internet.
<http://www.woford.com>**

**Woford Aktiengesellschaft
Wofordstraße 1
A-6900 Bregenz**

**Cover: StarckNakedHot
Photo: Jean-Baptiste Mondino
©Woford**

ANNUAL REPORT 1998/99

1. 5. 1998 – 30. 4. 1999

**WOLFORD AKTIENGESELLSCHAFT
WOLFORD GROUP**



WIEN PARIS LONDON

STREET FRONT OF MANUFACTURING DEPARTMENT






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AND FINANCIAL STATEMENTS**

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129	Report of Independent Auditors
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NEW MANUFACTURING DEPARTMENT

**DAILY NEWS
THURSDAY
MAY 13, 1999**



**A SCARF?
A SLEEVE?
A TUBE TOP?**

ADDRESS!

Photo: Jean-Baptiste Mondino
©Wolford

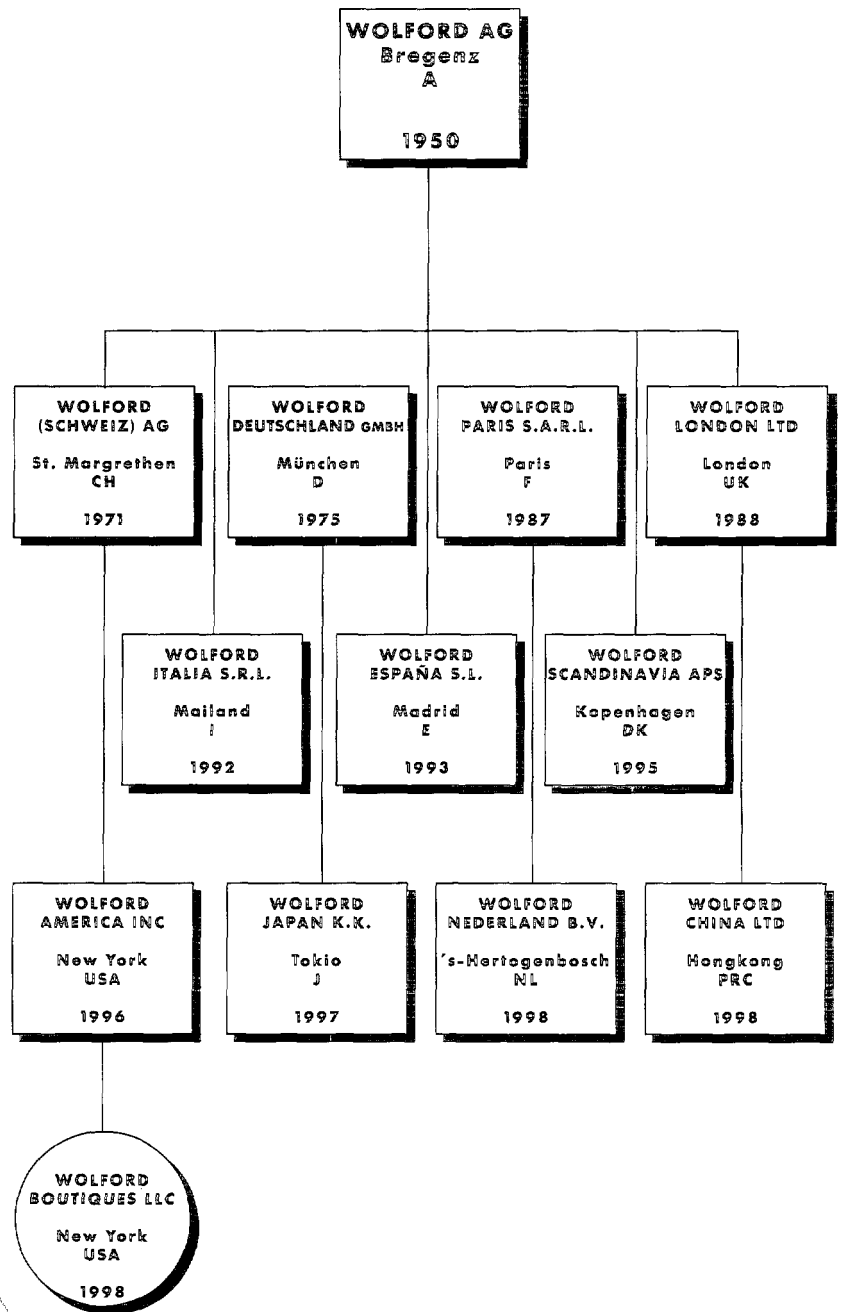
CORPORATE KEY FIGURES

ATS/EUR in thousands	1998/99		%	1997/98	
	TATS	TEUR		TATS	%
Sales total	1.832.400	133.166	10,10	1.664.300	0,80
EBIT	151.600	11.017	11,60	135.800	-44,40
Result from ordinary business activities	185.300	13.466	7,20	172.800	-38,30
Net profit in accordance with Austrian Commercial Code (HGB)	142.200	10.334	12,30	126.600	-33,60
Net profit in accordance with Int. Accounting Standards (IAS)	143.000	10.392	6,90	133.800	
Cash Flow according to HGB	241.900	17.580	27,00	190.500	-24,80
Investments	394.800	28.691	59,80	247.100	27,40
Balance sheet total	2.349.300	170.730	9,70	2.140.800	15,80
Equity capital in accordance with Austrian Commercial Code (HGB)	1.053.300	76.546	9,60	961.000	8,90
Equity capital in accordance with Int. Accounting Standards (IAS)	1.053.700	76.575	6,10	993.400	9,10
EBIT margin in %	7,90%			8,00%	
Return on sales in %	7,80%			7,60%	
Return on equity	13,50%			13,20%	
Equity capital ratio in %	44,80%			44,90%	
Employees (average)	1.697			1.562	

STOCK EXCHANGE KEY FIGURES

	1998/99		%	1997/98	
	ATS	EUR		ATS	%
Profit per share according HGB in ATS/EUR	28,70	2,09	13,40	25,30	-33,60
Cash Earnings per share according HGB in ATS/EUR	48,90	3,55	28,40	38,10	-24,80
Dividend in ATS/EUR	10,10	0,73	1,00	10,00	0,00
Share price high in ATS/EUR	983	71,437		1.290	
Share price low in ATS/EUR	488	35,50		712	
Market capitalization as at 30.4. in ATS/EUR million	3.010	219		4.255	
Average of traded shares per day	37.462			35.766	

WOLFORD GROUP STRUCTURE



EXECUTIVE BODIES

MANAGING BOARD

Fritz HUMER, Chairman and Chief Executive Officer

Josef METZLER, Deputy Chairman

Karl Michael MILLAUER, Chief Financial Officer

SUPERVISORY BOARD

Leopold BEDNAR, Chairman

Emil FLÜCKIGER, Deputy Chairman

Walter BEREUTER

Manfred WILHELM

APPOINTED BY THE EMPLOYEES COUNCIL

Helmut BIRNBAUMER

Anni MOOSBRUGGER-RATH



AS THE FIRST FIFTY YEARS OF THE COMPANY'S HISTORY DRAW TO A CLOSE,

THE RESULTS OF THE 1998/99 FINANCIAL YEAR ARE THE THIRD BEST EVER.

INDICATORS RELEVANT TO PROFIT AND SALES SHOW A DOUBLE-DIGIT INCREASE

ALMOST WITHOUT EXCEPTION.

INVESTMENTS REACHED A RECORD HIGH OF ATS 395 MILLION.

WOLFORD IS PREPARED FOR THE FUTURE.

INNOVATIONS IN THE PRÊT À PORTER RANGE

GIVE A NEW ANGLE TO THE LUXURY WOLFORD BRAND:

UNIQUE MULTI-WEAR USING SEAMLESS TECHNOLOGY.

FROM THE OUTSET, THE NEW PRODUCT *bodyCULTURE* HAS GOT WHAT IT TAKES

TO BE A GLOBAL BESTSELLER IN THE LINGERIE MARKET.

ABOUT 40% OF THE GROUP TURNOVER IS ACHIEVED THROUGH SALES OF BRANDED PRODUCTS

THAT HAVE BEEN ON THE MARKET FOR LESS THAN TWO YEARS.

VISIONARY PRODUCTS CONSTANTLY REJUVENATE CONSUMER INTEREST.

244 WOLFORD BOUTIQUES WORLDWIDE ACCOUNT FOR 25% OF GROUP SALES.

LAST YEAR: 21%.

**PHOTOS OF THE MERINO RANGE: JEAN-NOËL I'HARMELOULT
PRODUCT: MERINO PLAIN STRING**

THIS IS TOMORROW



MERINO

A COMPLETE WARDROBE OF THE FINEST NATURAL

FIBRES, FURTHER DEVELOPMENT

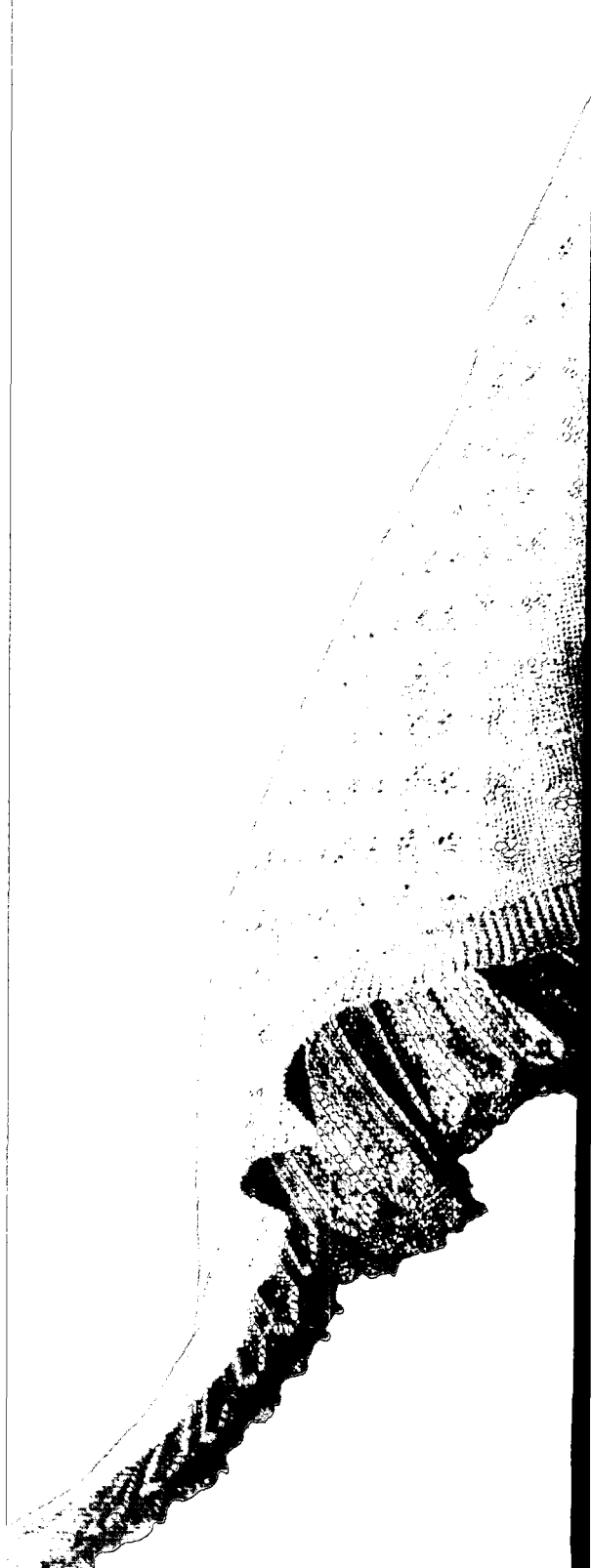
OF A SUCCESSFUL RANGE.

MERINO WOOL ON THE OUTSIDE,

COTTON ON THE INSIDE.

CIRCULAR KNIT USING SEAMLESS TECHNOLOGY.

EXCLUSIVELY FROM WOLFORD.





*'Wolford is always my first choice,
whether I'm relaxing at home
or attending an official reception.
I adore Wolford for the sensual way
in which it covers my body
and for its magic which outlines the beauty
inherent in every woman.'*

*Nana Okumura
Miss Japan Universe 1998*

bodyCULTURE

A PRODUCT PREMIERE IN THE LINGERIE MARKET:

15 OPTIONS FOR THE BODY AND 8 FOR THE LEGS.

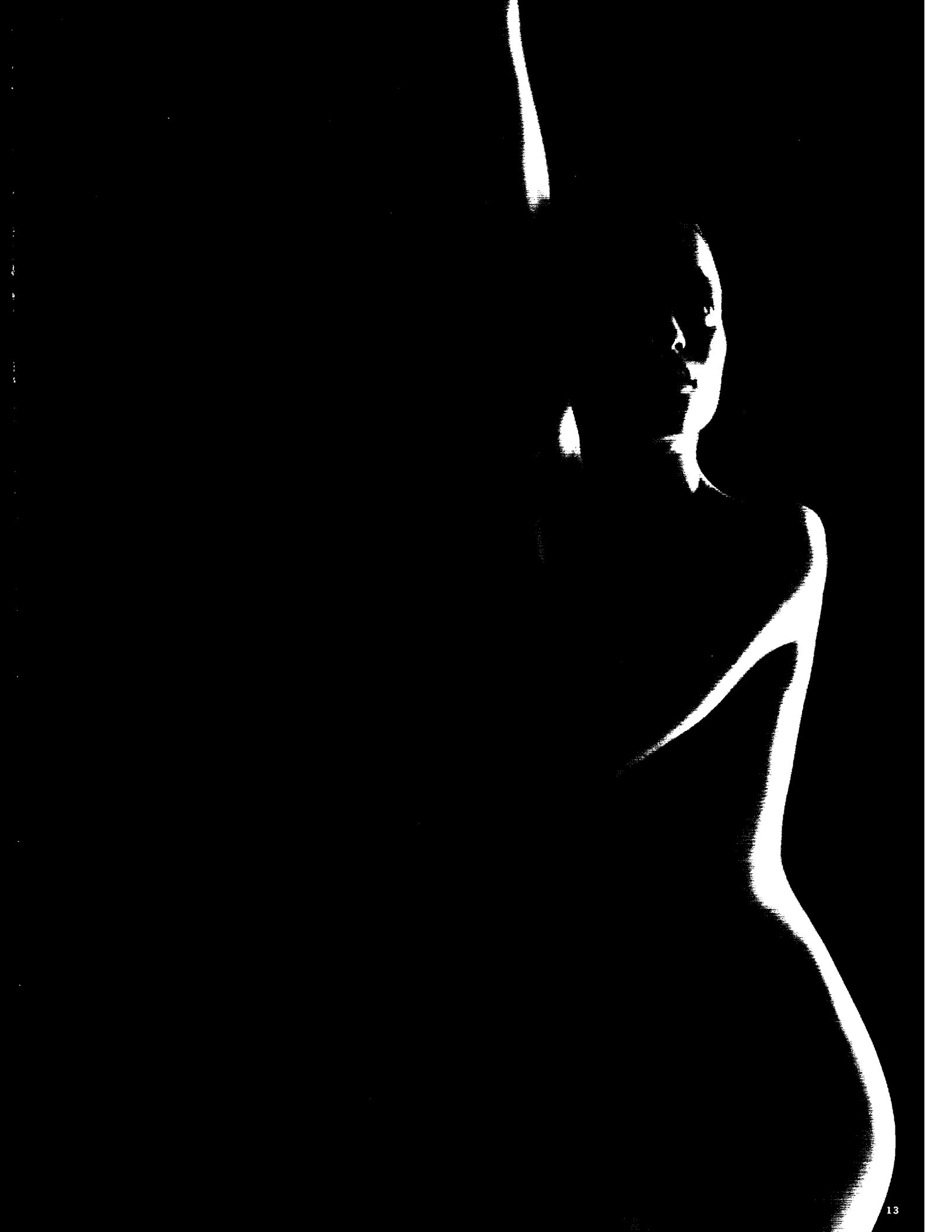
COSMETIC SHAPING AND SUPPORTIVE EFFECT.

WOLFORD ORIGINAL QUALITIES.

VELVET, SATIN DE LUXE AND SYNERGY.

VERY WELL RECEIVED BY RETAIL PARTNERS

AND ALL TESTERS.



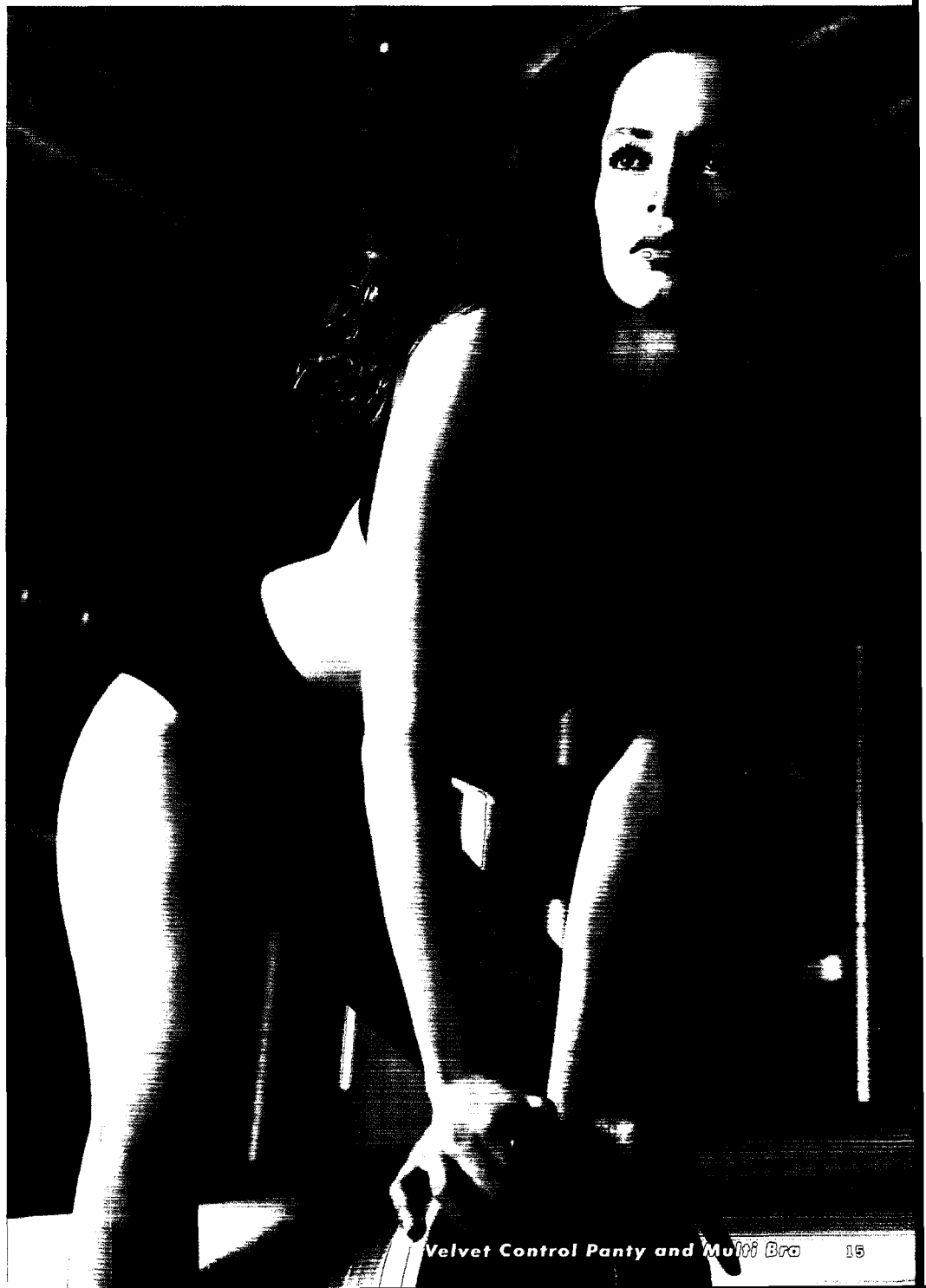


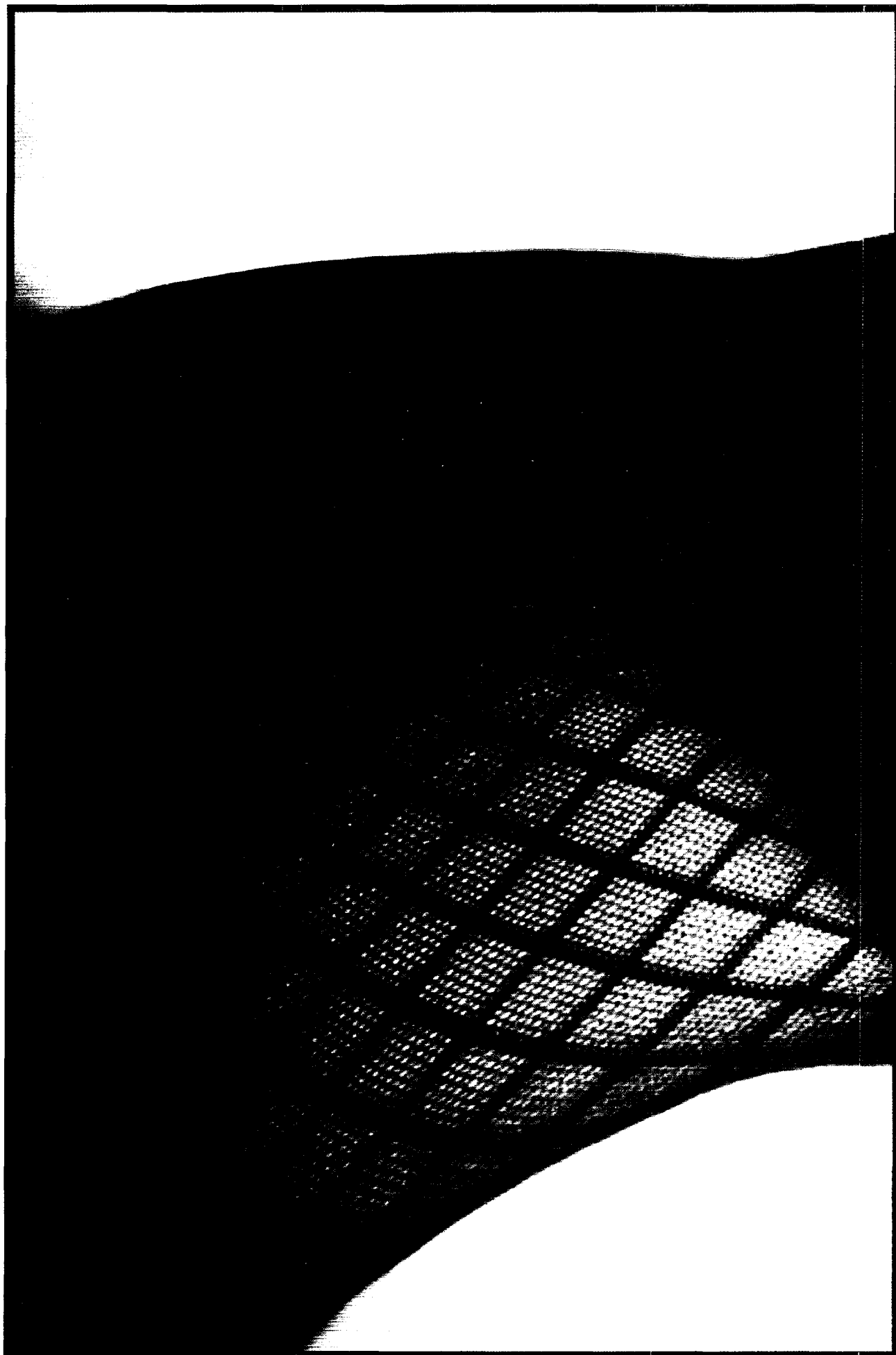
THE bodyCULTURE BEAUTY FORMULA:

**Well-being
Cosmetic
Perfection
Comfort**

THE bodyCULTURE RANGE:

**3 successful materials
2 bodies
4 bras
8 slips
1 suspender belt
8 pairs of tights**







DETAILS OF THE STAIRS LEADING TO THE NEW MANUFACTURING BUILDING



WOLFORD MUST-HAVES

They are unique.

Exclusive designs.

Limited editions.

Example: the Wolford watch.

Swiss precision engineering.

Wolford design.

1,111 one-off, numbered pieces.

For the whole world.

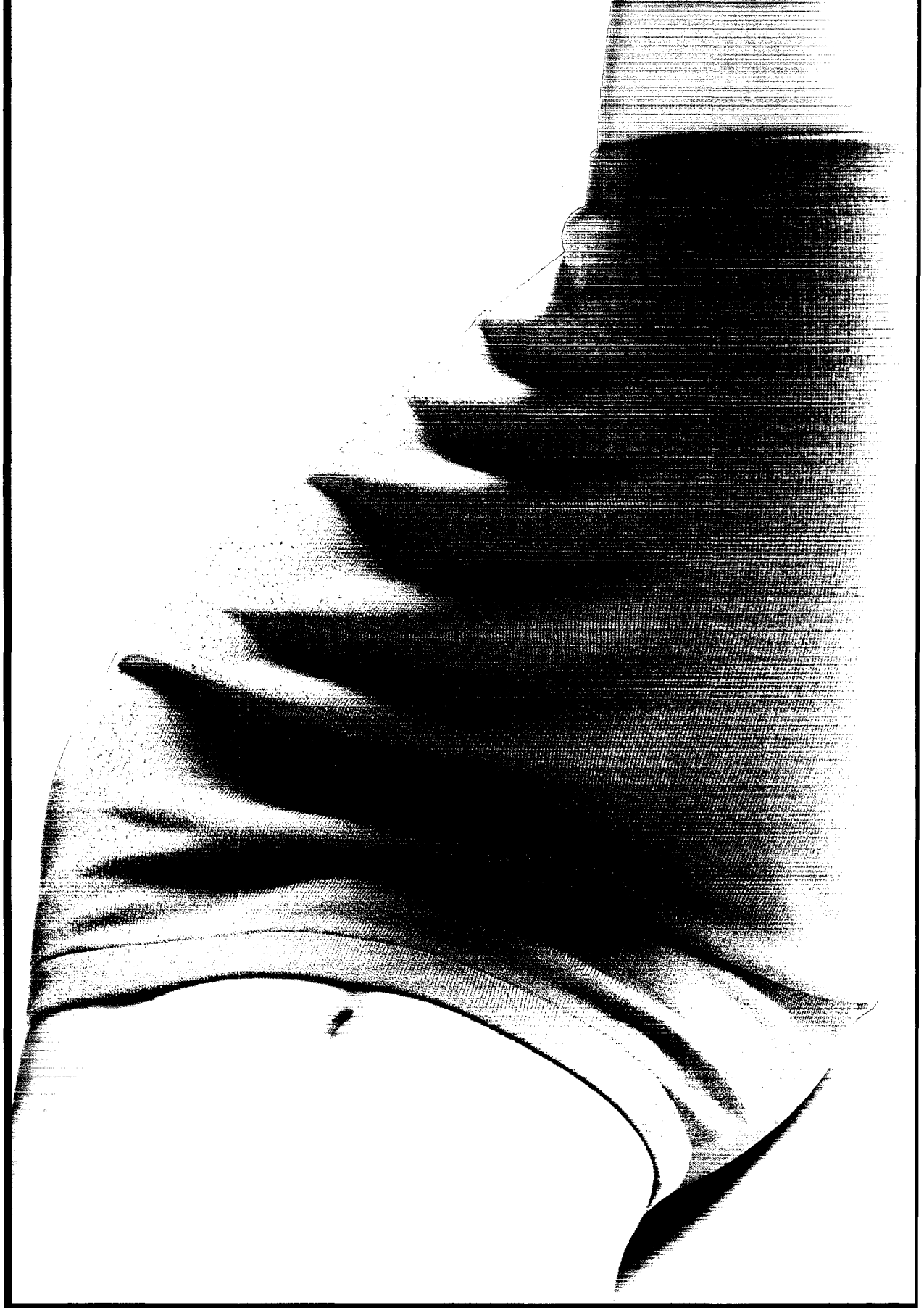
*Products: Wolford Watch
Sun Wear I
Wolford Bag*



|| [Wolford] ||



Photos Viscose: Bruno Bisang
and Viscose Skirt



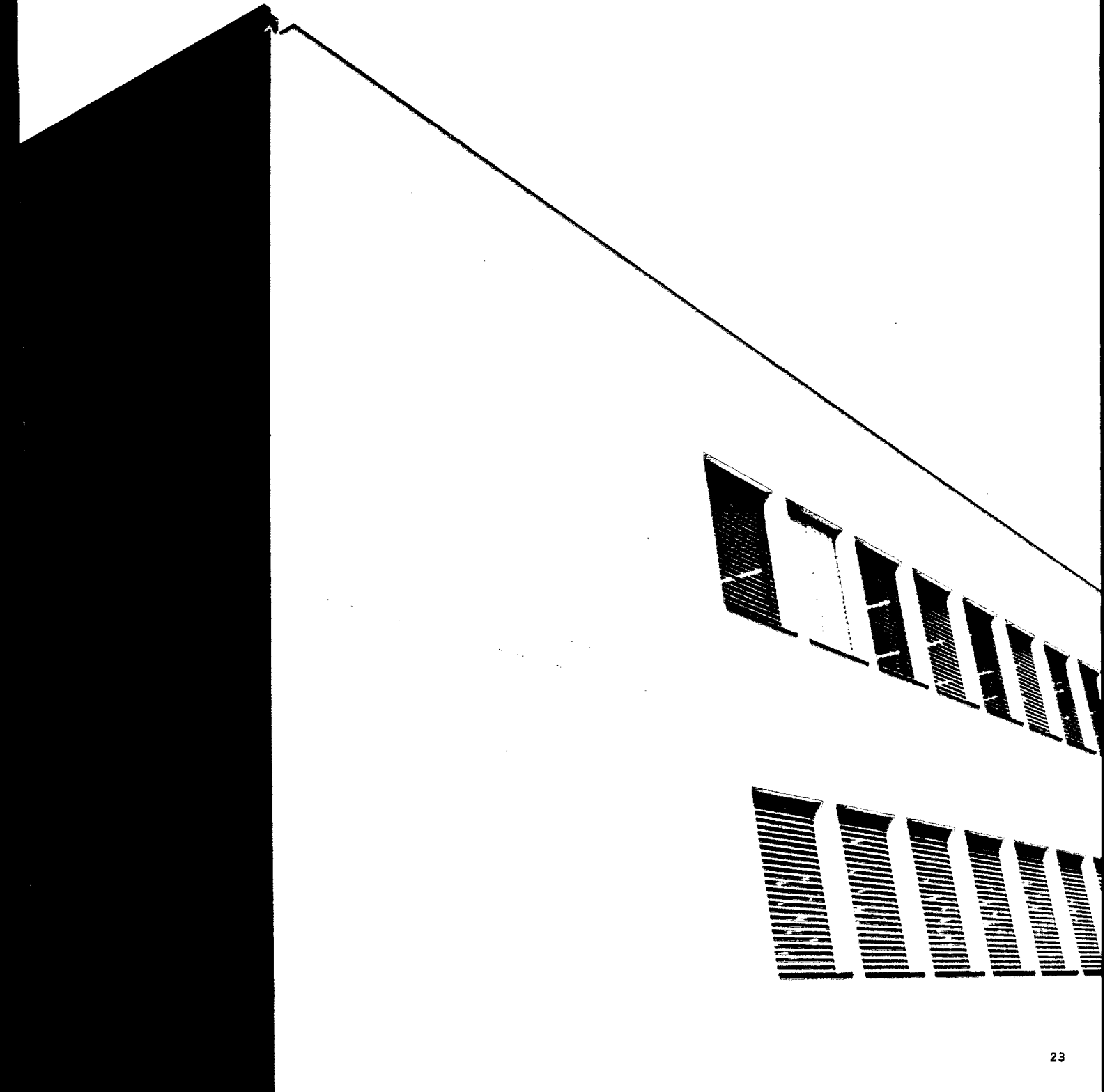
Viscose

Development of a six-piece set in viscose for Spring/Summer 2000. Mix and match Prêt à Porter pieces in seamless technology. Easy to care, a sensation to wear. Attractive pieces with real sex appeal. Very Important Pieces. A Wolford worldwide exclusive.



The building project nears completion. On schedule. On budget.
Investments during the 1998/99 financial year: ATS 156.5 million.

400 staff are employed in manufacturing.
A quality workplace thanks to high tech, light,
air and a view of the countryside
of the Mehrerau wood and Klosterwiesen
of the Wolford garden and the mountains.
They work in a country that others visit on holiday.





Martin Fitz

Susanne Palka

Christian Greußing

Ulrike Rohrer

Kurt Gschließer

The staff headcount increased by 238 to 1,899 in the 1998/99 financial year. 92 new jobs at company headquarters and 146 in the international subsidiaries in Asia, the USA and Europe.



Marina Gehrler Andreas Schmid Christoph Wöginger Hubert Höfle Markus Mayer Wolfgang Pfeiffer

Teams of diverse personalities from 26 different cultures increase future prospects with their energy, ability, imagination and skill. Pictured are young executives from the 1995 junior group: Welford's management potential and decision makers-to-be.





WOLFORD BOUTIQUES ARE DEFINITELY ON THE ROAD TO SUCCESS.

244 WORLDWIDE AS OF 30.4.1999.

THEIR PERCENTAGE OF GROUP TURNOVER HAS GROWN FROM 21% TO 25%.

IN THE 1998/99 FINANCIAL YEAR,

WOLFORD BOUTIQUES CONTRIBUTED ATS 458.1 MILLION

TO THE GROUP SALES OF ATS 1,832.4 MILLION.

Wolford

WIEN PARIS LONDON



Wolford Boutique Padua Via San Fermo, 6
Opening 25.9.1998



*The Wolford China offensive.
4 boutiques opened in the last 4 months
of this financial year.*

*Hong Kong Ocean Center 1/99,
Palace Hotel Beijing 2/99,
Singapore Ngee Ann City 4/99,
Guangzhou China Hotel 4/99*

*Photo: Modelcrew featuring
StarckNakedHot*

Palace Hotel Beijing 6/99



Wiener Festwochen (Vienna Festival Weeks) 1999

New production of "Die Fledermaus".

From right to left:

Agnes Baltsa - Prince Orlowsky

Isabel Rey - Adele

Wolfgang Prendel - Gabriel von Eisenstein

Mercedes Echerer - Ida

The entire cast were fitted out in

Wolford products.

Velvet de Luxe

Satin Opaque

Fatal Neon

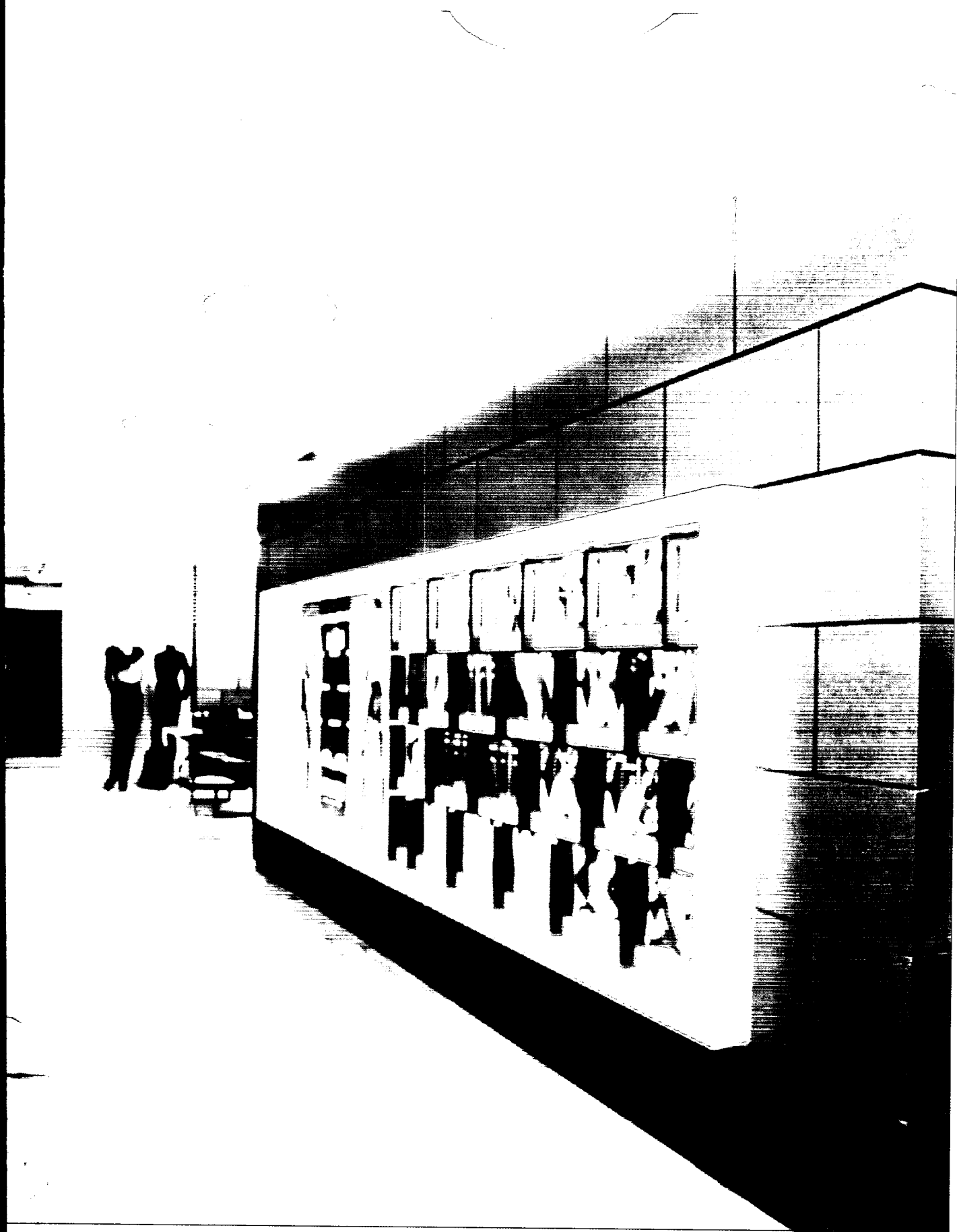
Merida

Photo: Mike Ranz, Vienna

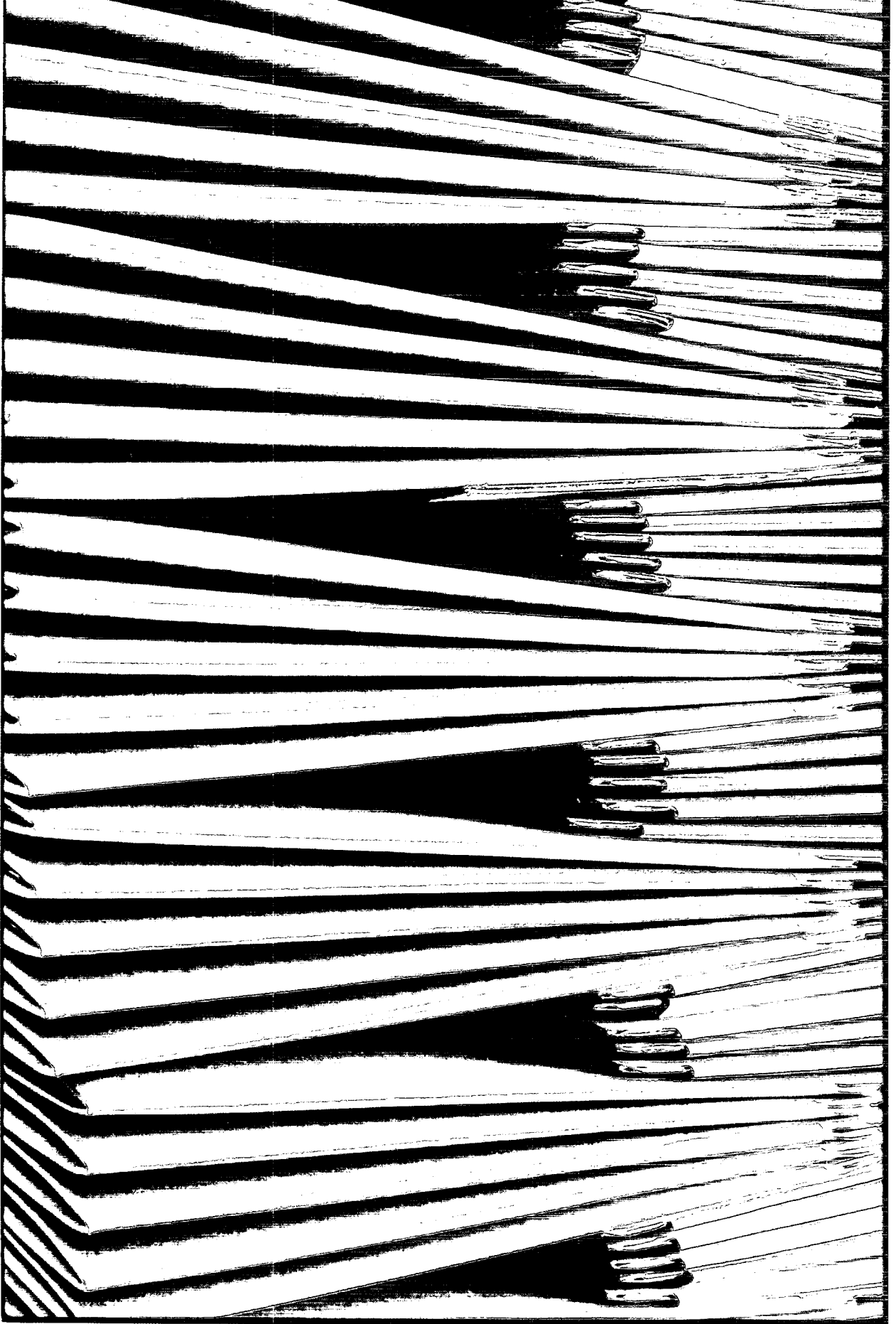
**WOLFORD-OWNED BOUTIQUES ARE
TEST PLATFORMS,
MANAGED BY WOLFORD ITSELF.
AS OF 30.4.1999 THEY NUMBERED
39 WORLDWIDE.
THEIR SHARE OF GROUP TURNOVER
HAS RISEN FROM 6% TO 11%.
INVESTMENTS IN THE EXPANSION OF
WOLFORD-OWNED BOUTIQUES AND
SHOP IN SHOPS DURING THE
1998/99 FINANCIAL YEAR:
ATS 96.8 MILLION.**

**PHOTO: WOLFORD BOUTIQUE
HAMBURG NEUER WALL
OPENING: 1.10.1998**









The distribution centre is located at the Bregenz headquarters.

It has the capacity to dispatch 100,000 units per day.

All European destinations receive their deliveries within 24 hours.

Deliveries reach the west coast of the USA, the Far East and Australia within 3 days.

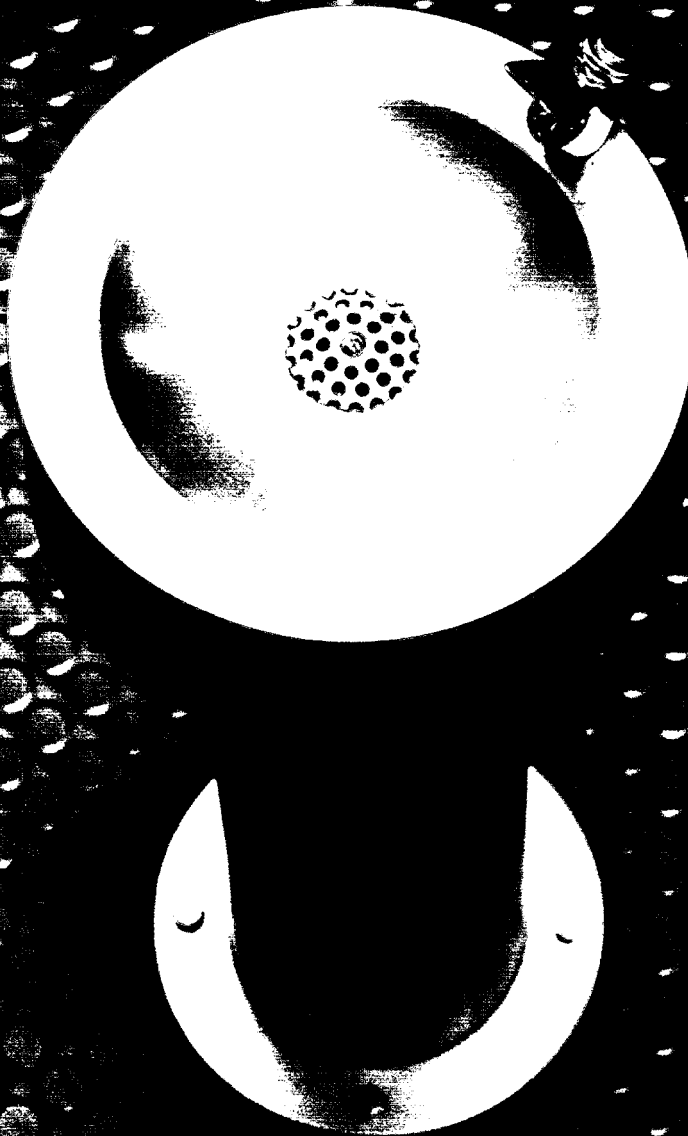
THE ANNUAL CONSUMPTION OF WATER IS AROUND 400,000 M³.

IT IS OF DRINKING WATER QUALITY.

THIS MEANS WE MUST TREAT THIS RAW MATERIAL VERY CAREFULLY.

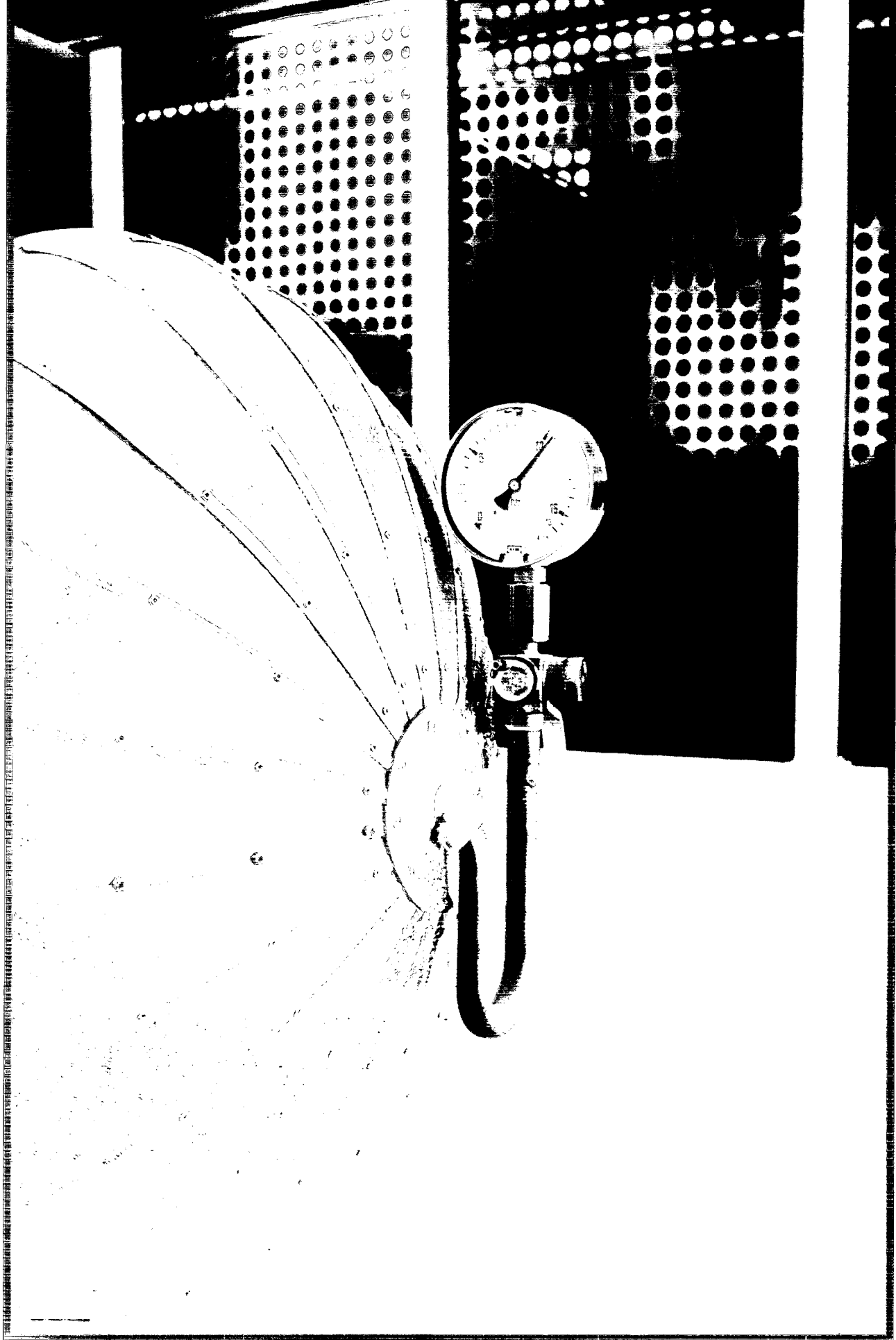
THE WATER MANAGEMENT PROGRAMME IS VERY EFFICIENT.

LONG-TERM RIGHTS HAVE BEEN SECURED FOR DOUBLE THE CURRENT ANNUAL QUANTITY OF
WATER NEEDED. THANKS TO THE GOVERNMENT OF VORARLBERG
AND THE CITY OF BREGENZ FOR THIS PRIVILEGE.





*Wolford Swimkini 44°C in the Greek magazine Gynaika 4/1999
Drinking water point in the new building*



Around 30% of the energy used is recycled, and CO₂ emissions and consumption of primary energy are kept to a minimum.

38 Wolford has been labelled an ecological pilot company since 1990.



Ideas competition for StarckNaked.

146 unusual ideas from customers.

Stark variations on the Philippe Starck original.

A cult product captures the world's imagination.

The winner is from China.

Germany took the record for the most entries.

Photo: Michael Bühler and Simone Weibel from Zurich.

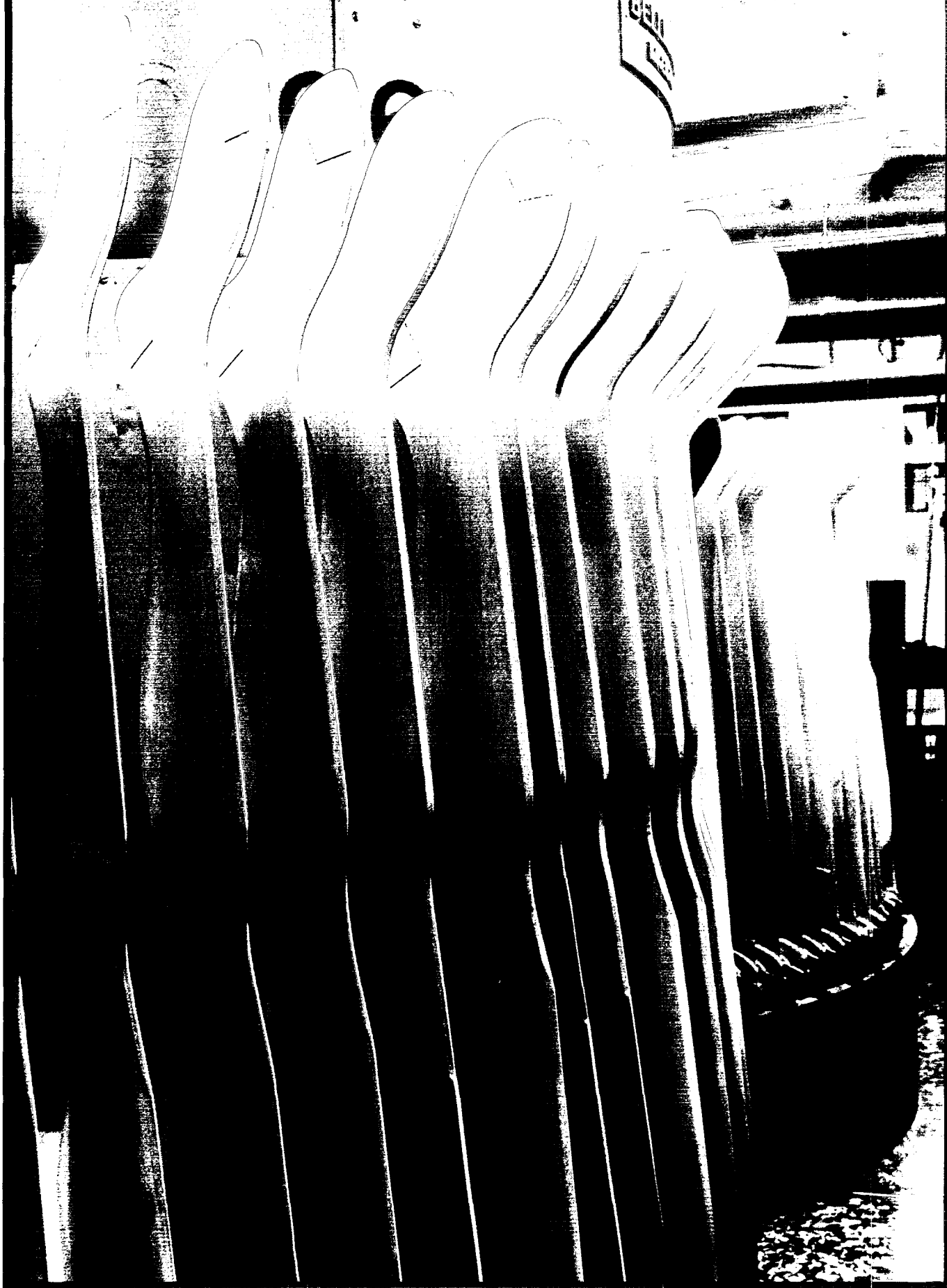


WOLFORD RECEIVES THE 1998 NIKKEI AWARD.

THIS PRESTIGIOUS AWARD WAS PRESENTED IN RECOGNITION
OF THE SEAMLESS TECHNOLOGY FOR BODIES AND
THE SUCCESSFUL LAUNCH OF THE LUXURY BRAND IN JAPAN.
IN WOLFORD'S FIRST COMPLETE FINANCIAL YEAR ON THE
JAPANESE MARKET, TURNOVER DOUBLED TO ATS 30 MILLION.



'As Wolford was the official legwear sponsor for the 1998 Miss Universe competition, I enjoyed to wear Wolford stockings on my unforgettable day. However, I was already a long-standing fan of Wolford. When I lived in London and Norway I used to buy Wolford tights to keep the cold winters of Northern Europe at bay.'

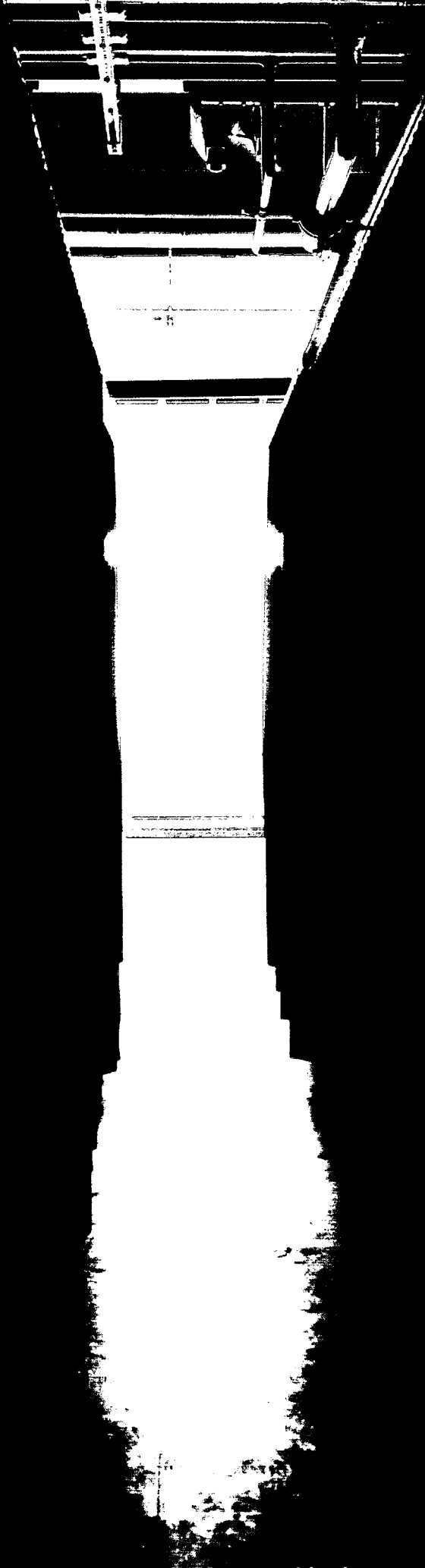


Innovative precision work and careful hand-finishing in the manufacturing process are what makes Wolford stockings, tights and stay-ups so outstanding. Independent international consumers – and product testing – confirm Wolford's ranking as a top legwear product. 200 staff are employed in quality control alone. The use of valuable, precise manual work is why 46% of the price of a pair of tights contributes to the total wage bill.




Vivienne Westwood
RED
Label

A creative turnaround in the principle of ladder-resistance by Vivienne Westwood for the Red Label Spring/Summer 1999 collection.



Resting area for hosiery blanks



Scene UK 6/1999

Products:

Lady: Velvet de Luxe

Man: Cotton Velvet

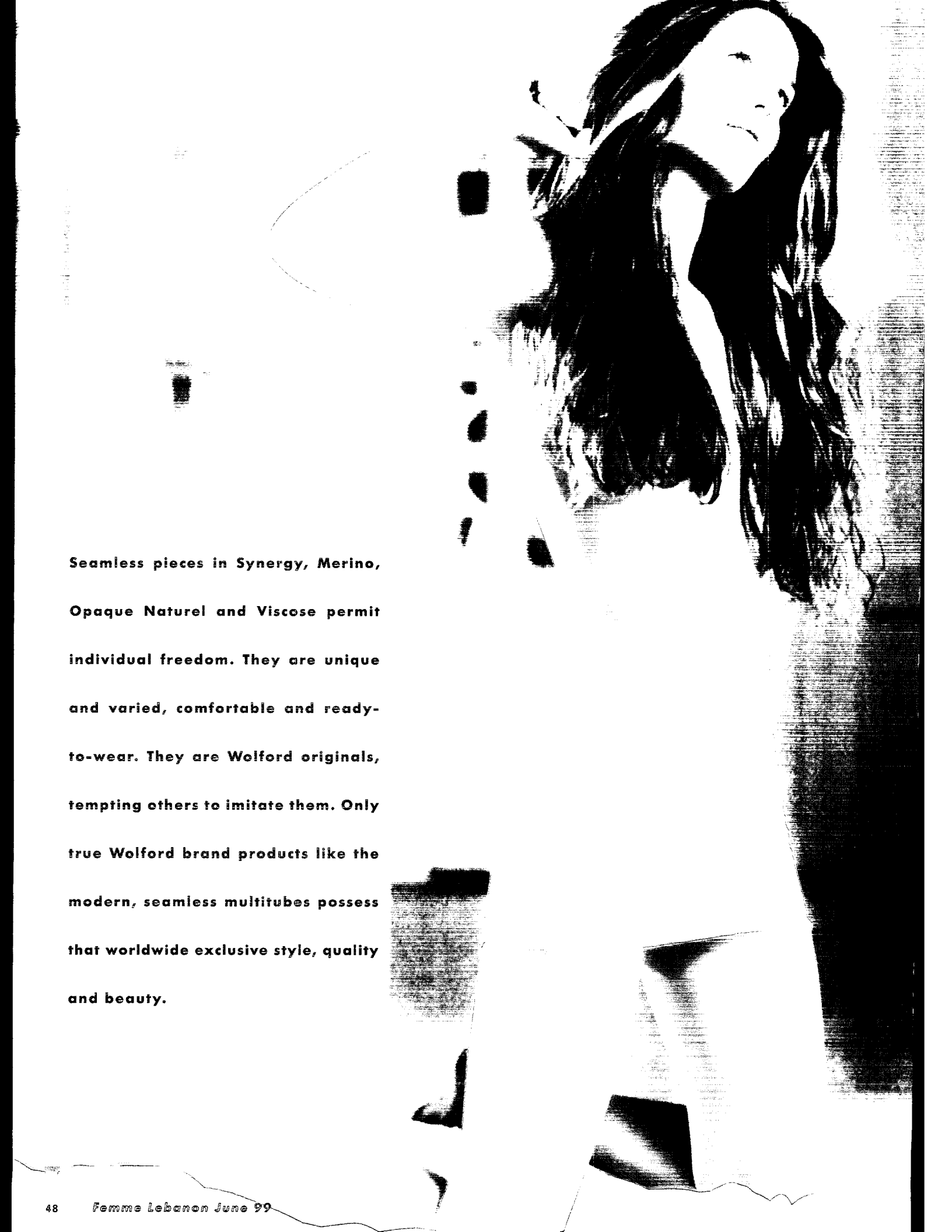
Waist - Socks

The Wolford Men collection, consisting of tights, knee-highs and socks is the start of a successful range with the potential to span the globe. Exclusive quality yarns like Velvet, standard to the world of womenswear, are used to improve the sensuality of men's items.

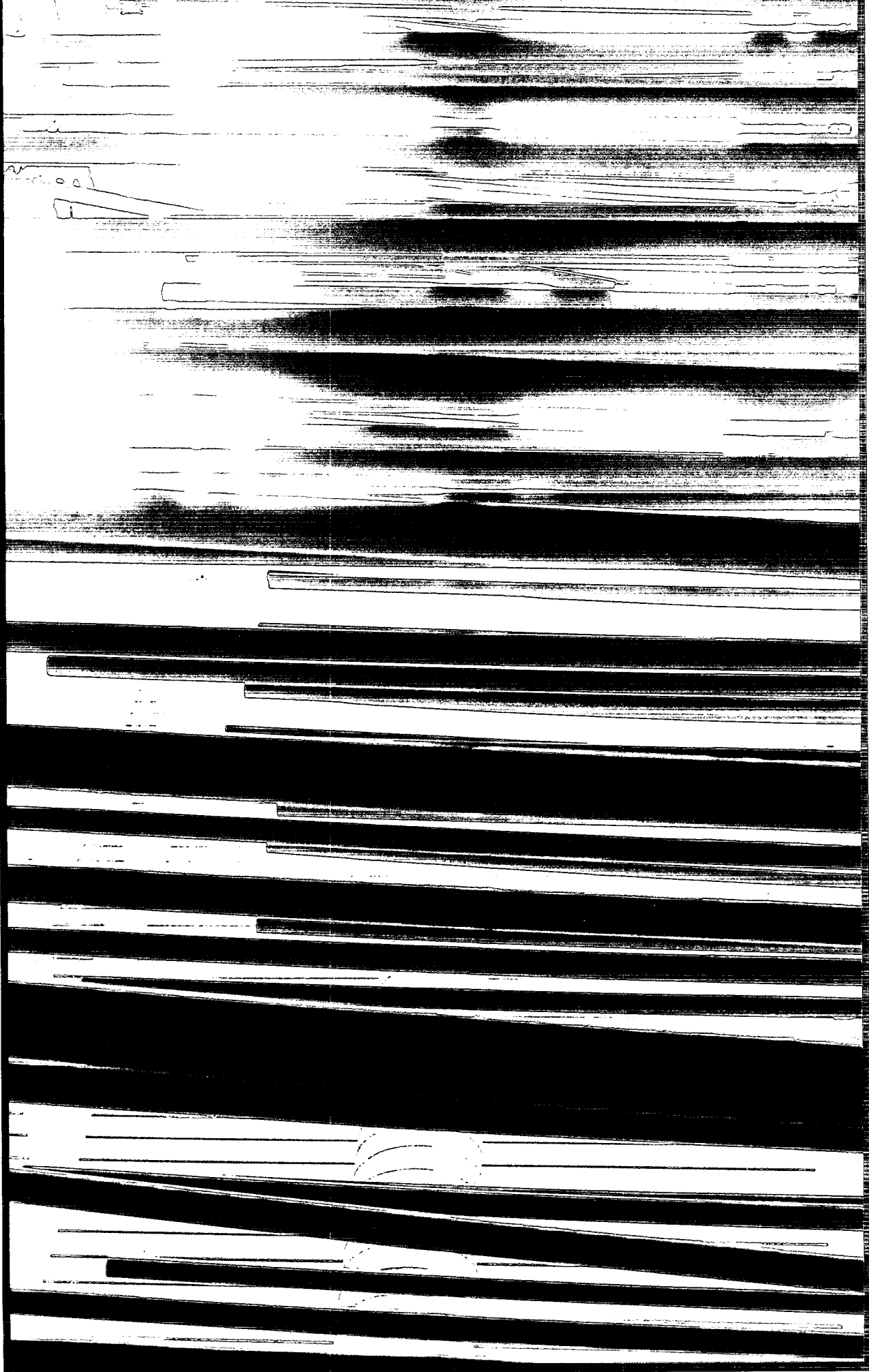


As personalities and specialists,
trainees carry our hopes and visions.
The training programmes prepare the trainees
for their personal challenges
and career prospects with Wölford.
Pictured: Manuel Greußing.





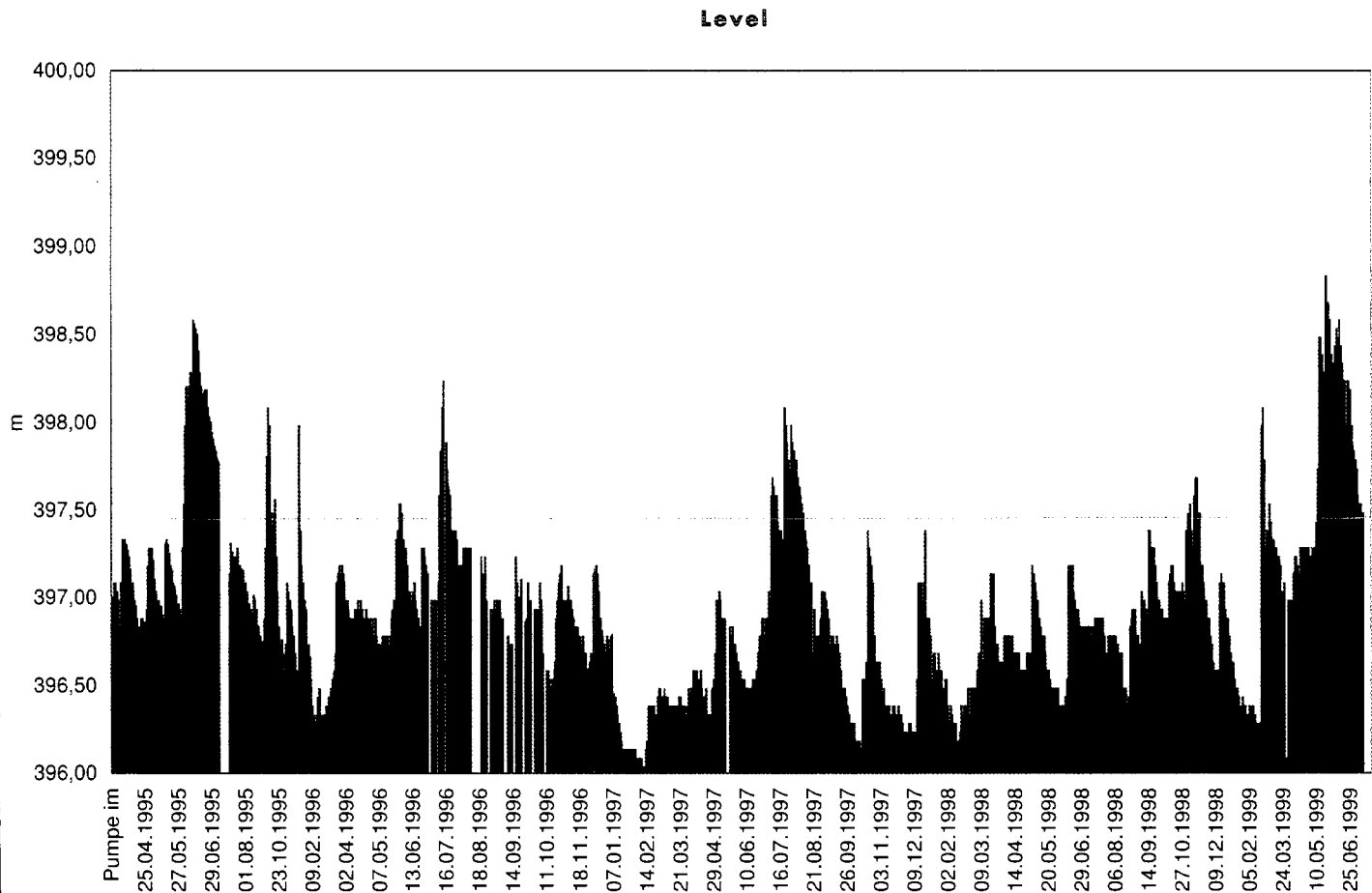
Seamless pieces in Synergy, Merino,
Opaque Naturel and Viscose permit
individual freedom. They are unique
and varied, comfortable and ready-
to-wear. They are Wolford originals,
tempting others to imitate them. Only
true Wolford brand products like the
modern, seamless multitubes possess
that worldwide exclusive style, quality
and beauty.





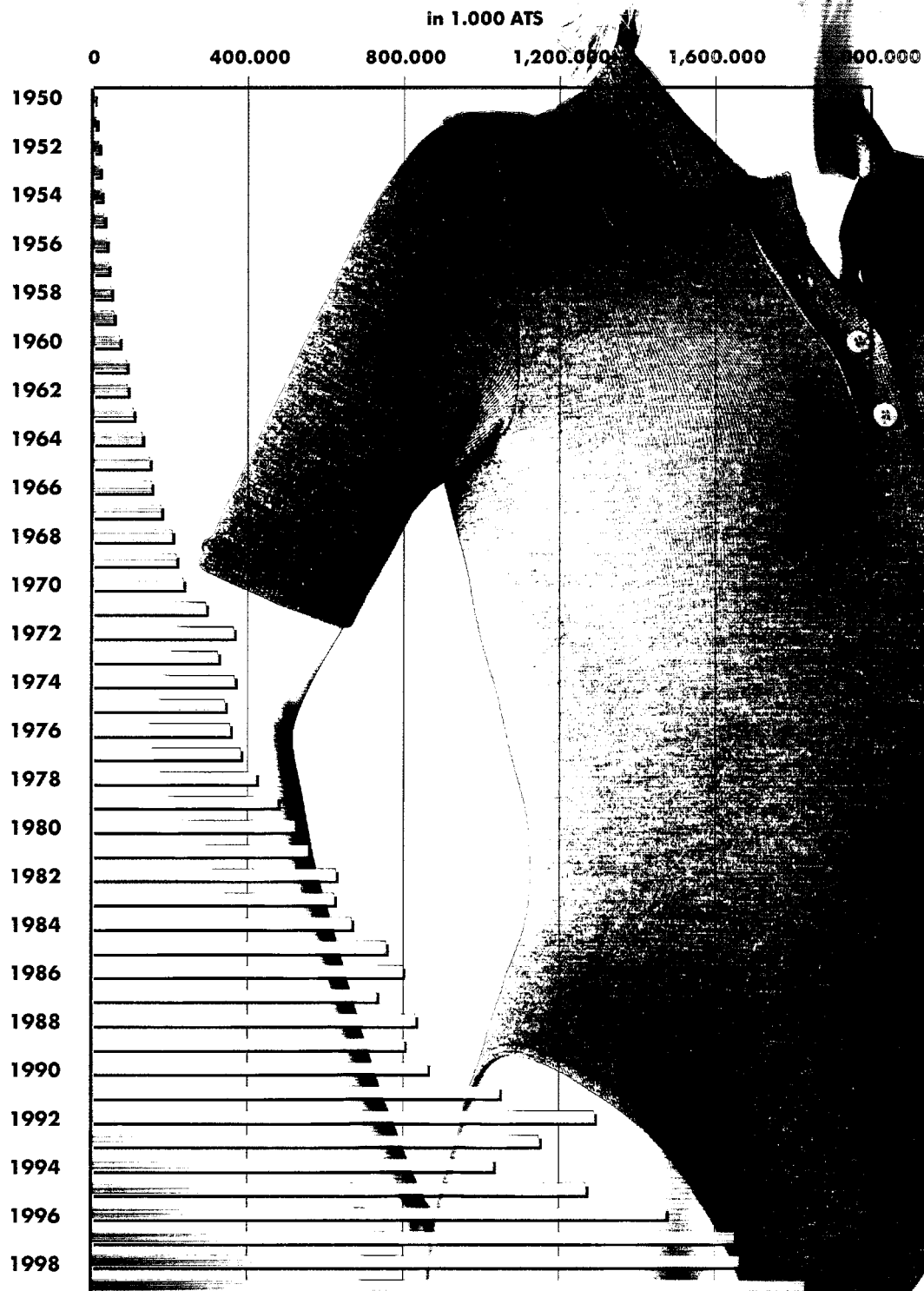
We manufacture at a location that many people consider as a holiday destination: Bregenz on Lake Constance. Reduction in waste since 1999 by 90% to 10%. Our heat exchange system is pioneering. 98% of boiler heating is gas-powered.

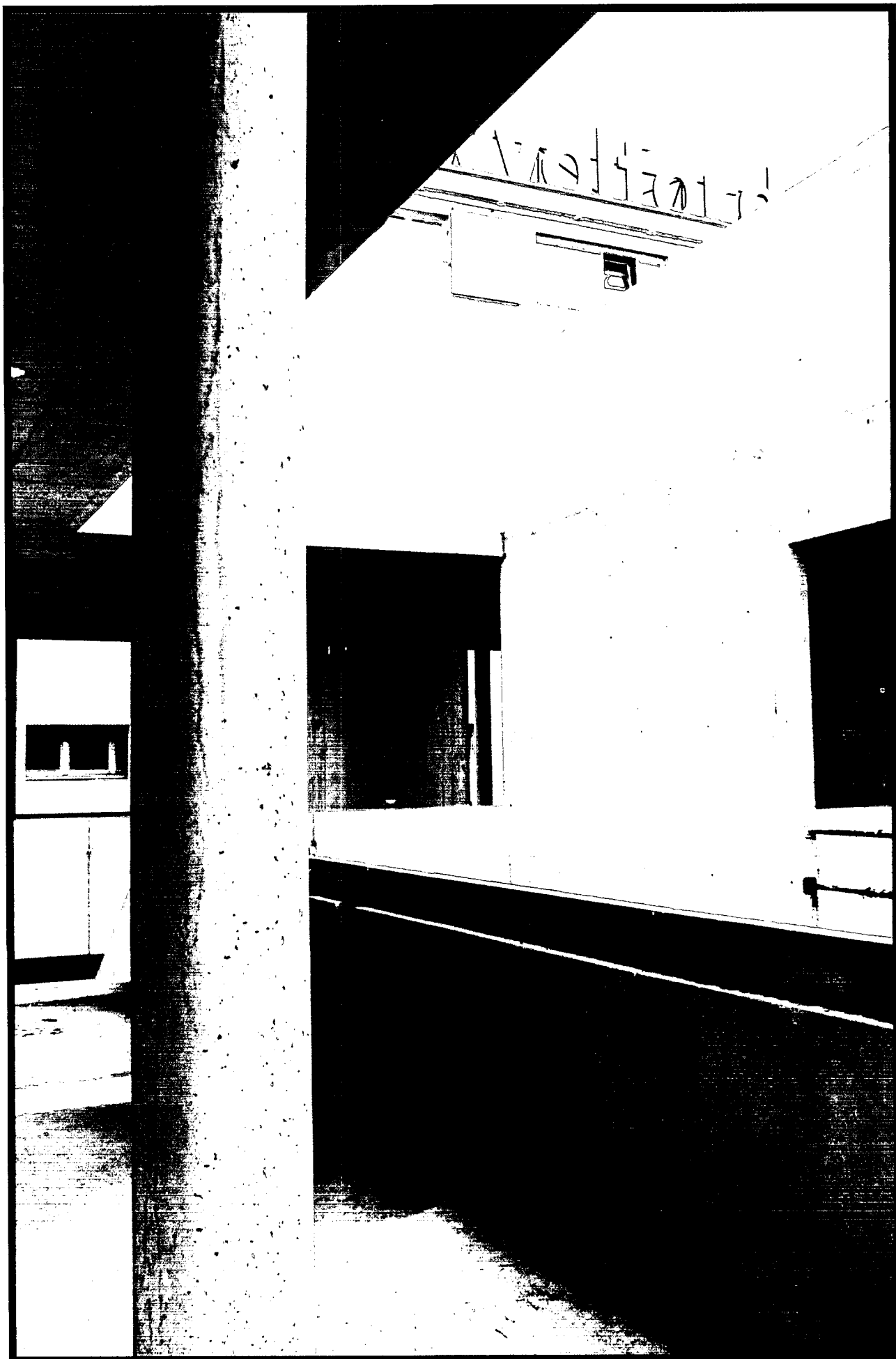
FLUCTUATION IN THE GROUND WATER LEVEL AT THE BREGENZ SITE



**In the catastrophic year of 1999,
unusually high precipitation led
to a dramatic change
in the ground water level.
Waterproofing of the building base
provided effective protection to the plant
and the ground water
at the site on Lake Constance.**

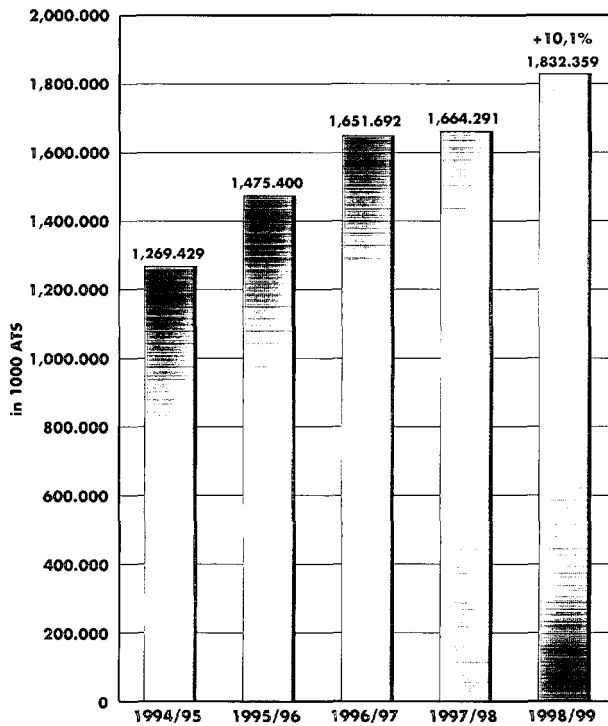
SALES (1950 - 1999)



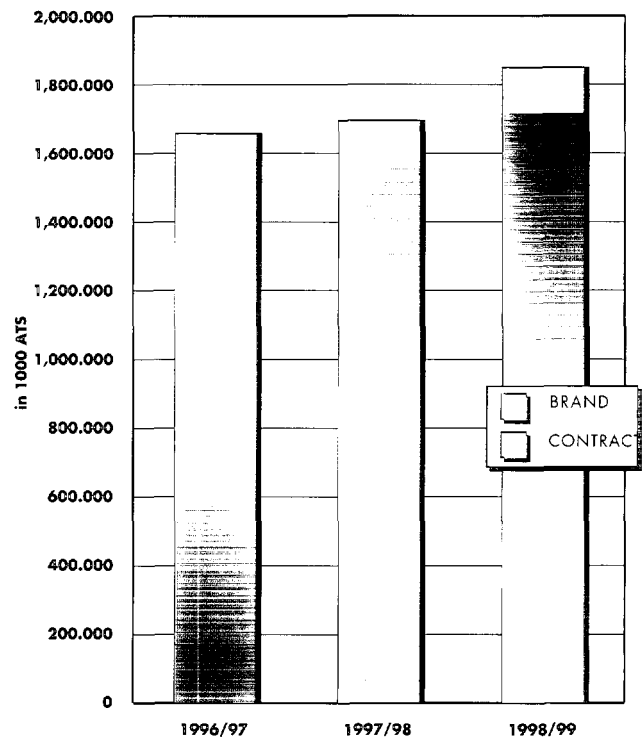


Marketing department floor in the new building

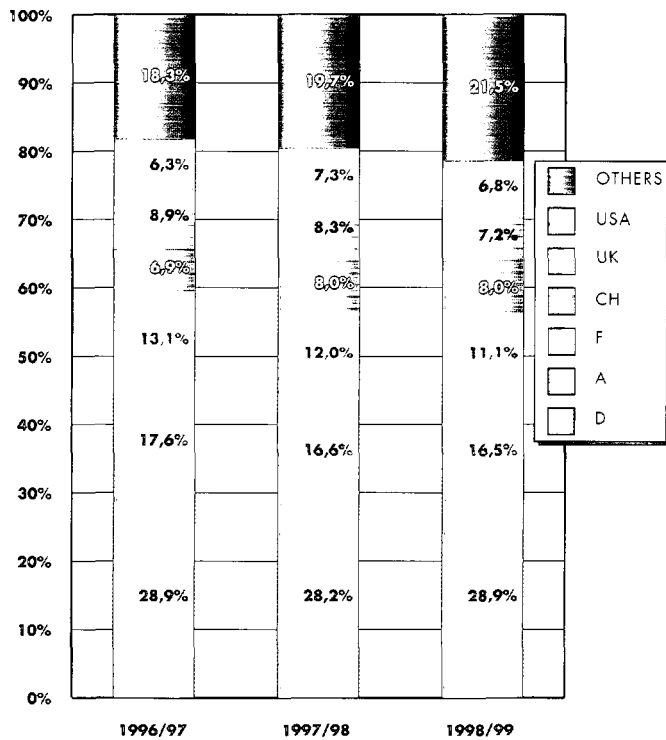
GROUP SALES



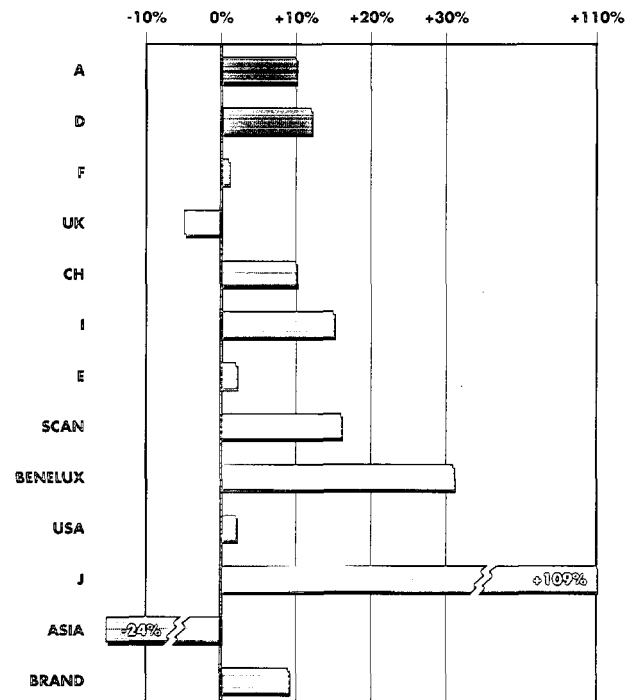
SALES BRAND/CONTRACT



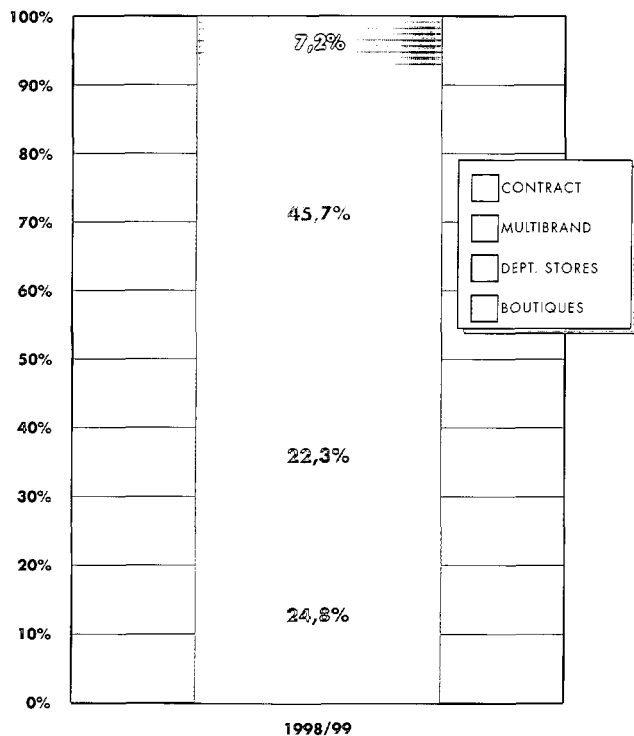
SALES - SHARE PER MARKET



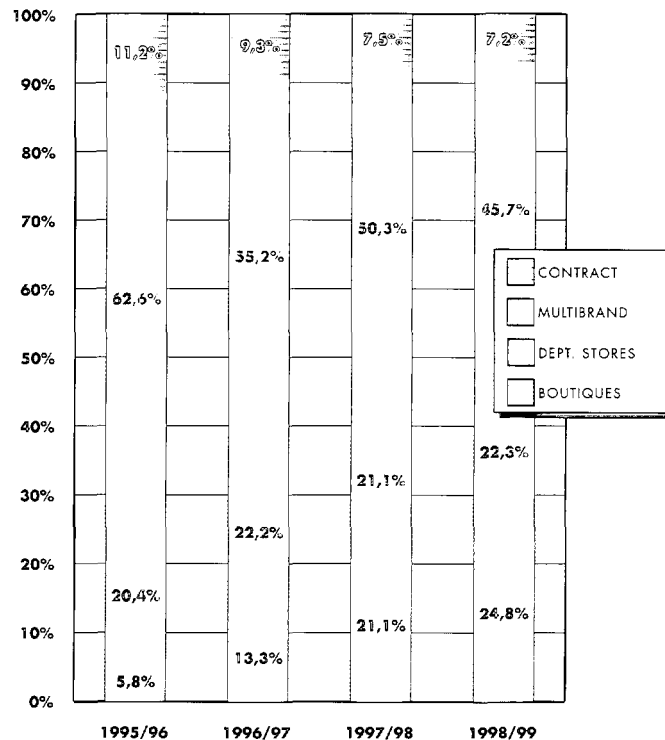
BRAND SALES DEVELOPMENT 1998/99 VS. 1997/98 (MAIN MARKETS)



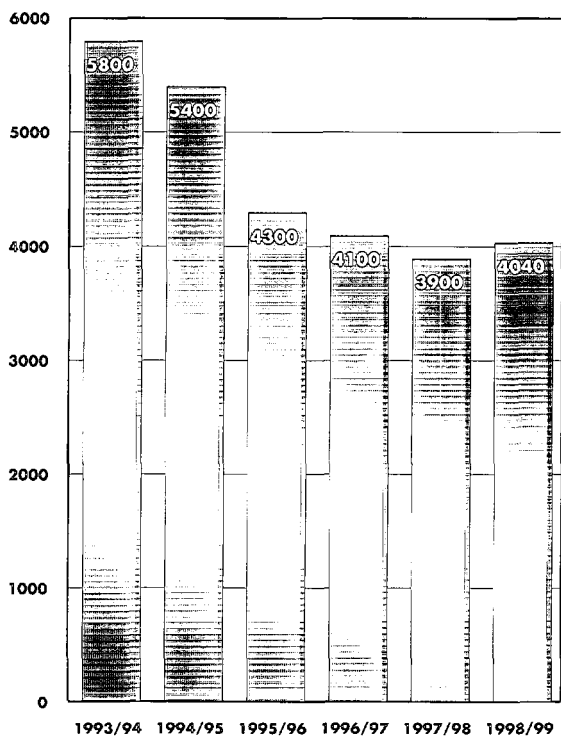
SALES - SHARE PER DISTRIBUTION CHANNEL



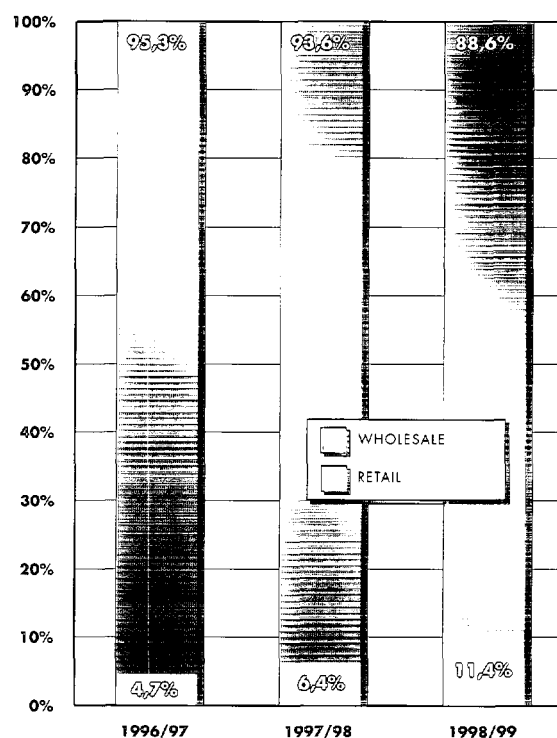
SALES - SHARE PER DISTRIBUTION CHANNEL



DISTRIBUTION DEVELOPMENT (NUMBER OF CUSTOMERS)



SALES WHOLESALE/RETAIL





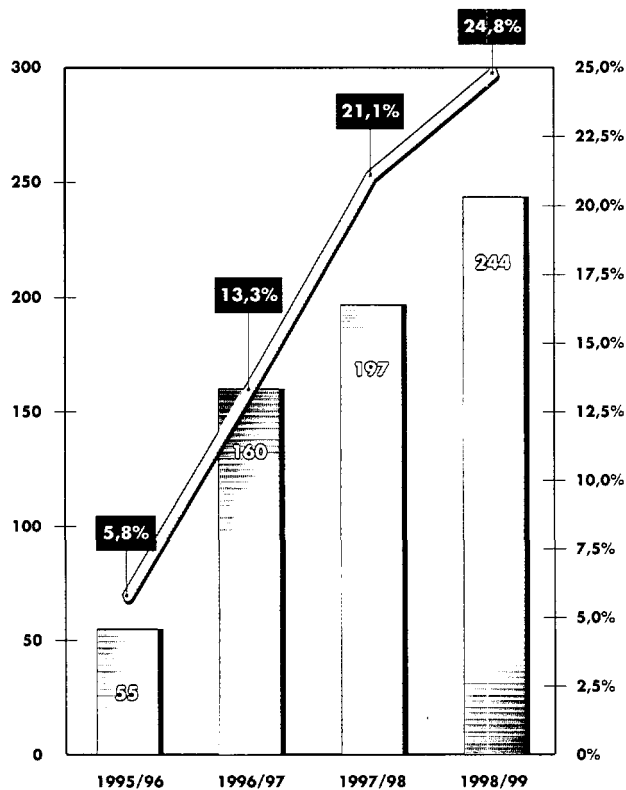
Vivienne Westwood A/W 1999
Product: Neonglanz



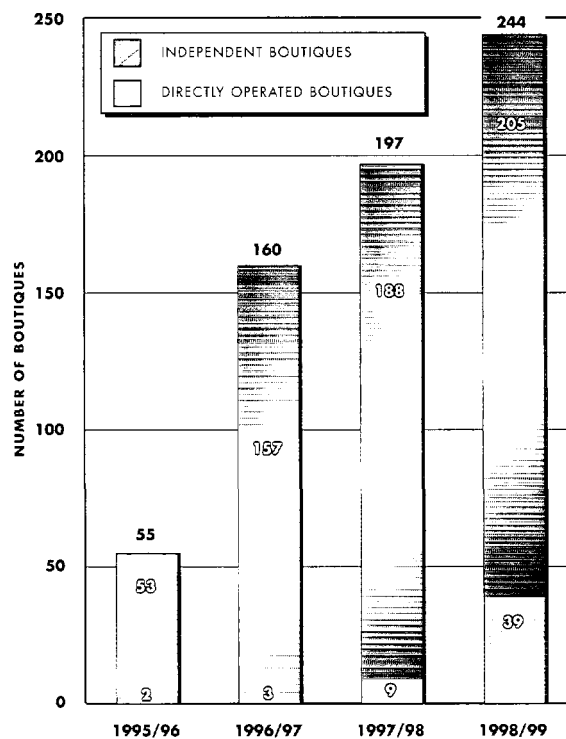
Photo: Bruno Bisang

Product: Wolford Tube for the new millennium

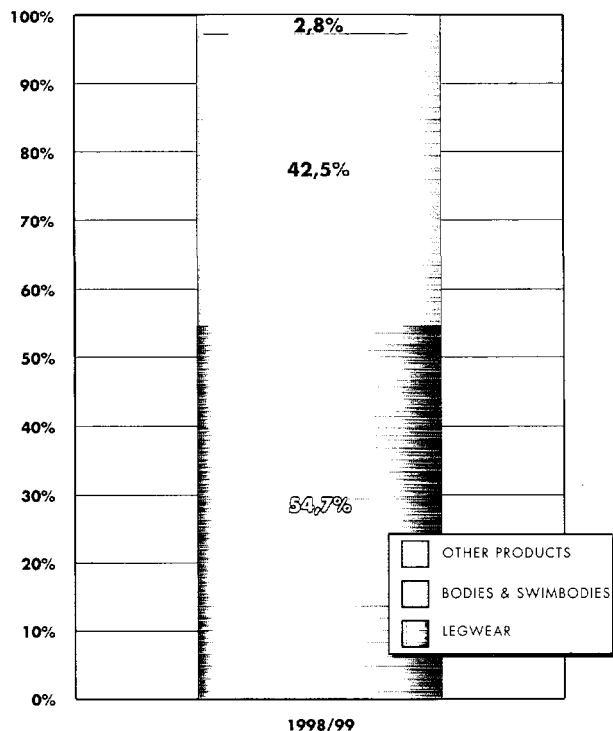
BOUTIQUE DEVELOPMENT (NUMBER OF BOUTIQUES/ SHARE OF SALES)



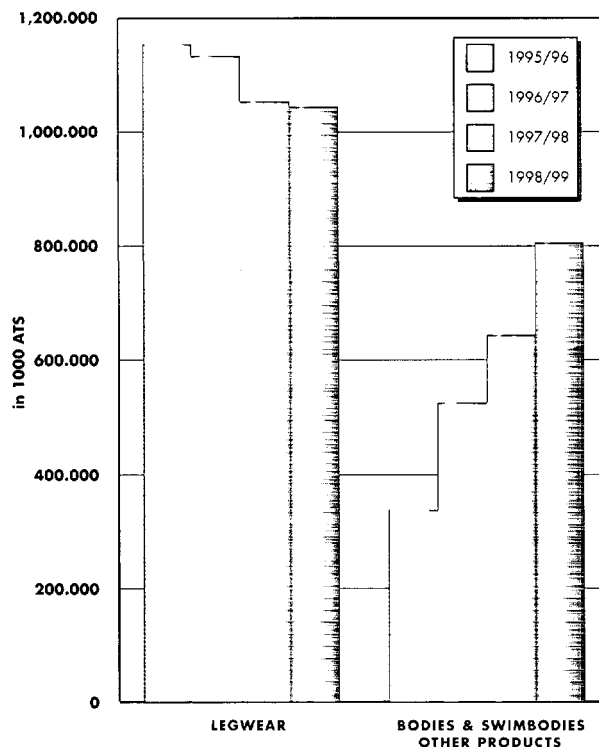
BOUTIQUE DEVELOPMENT

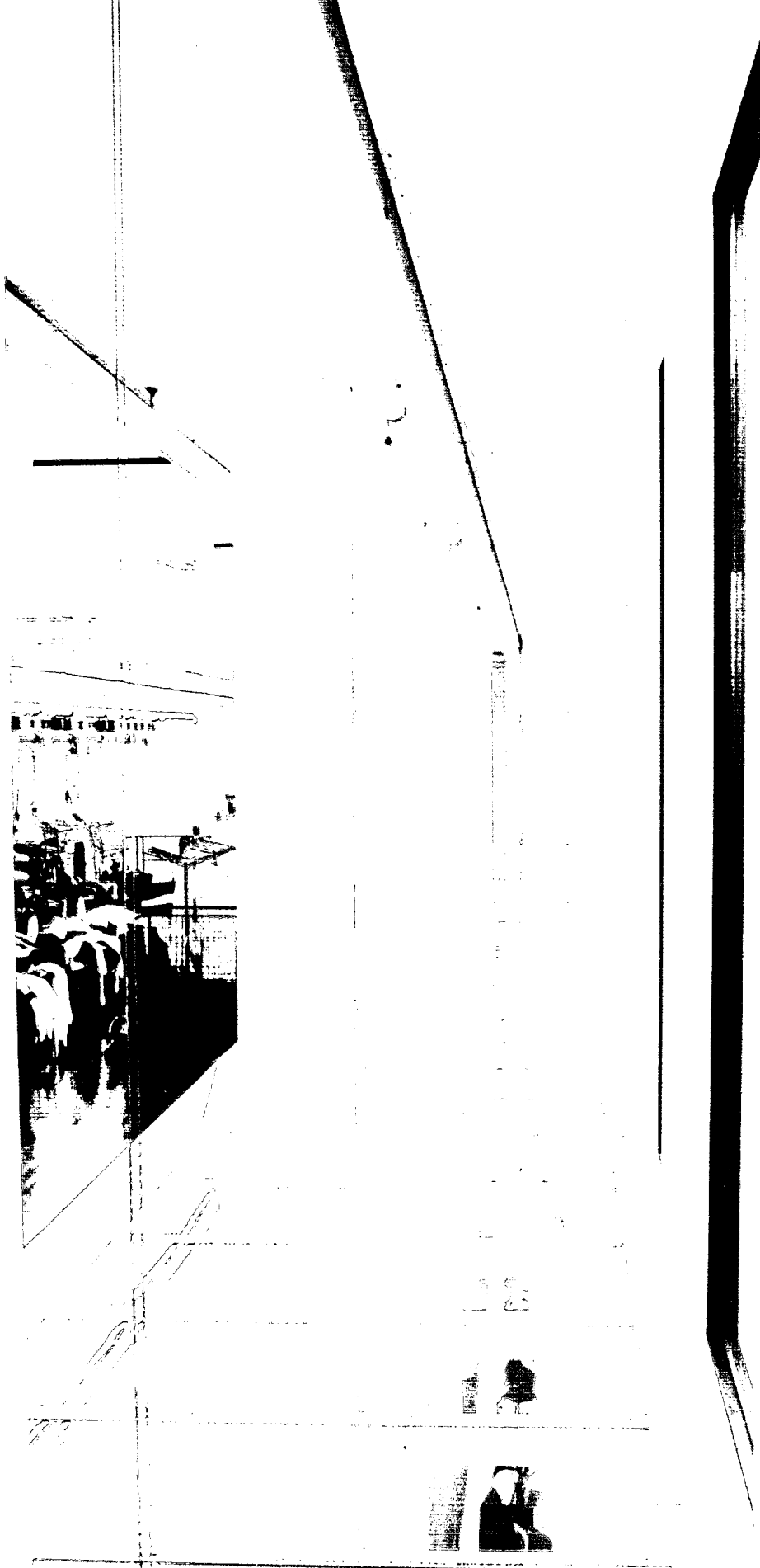


BRAND SALES – SHARE PER PRODUCT GROUP

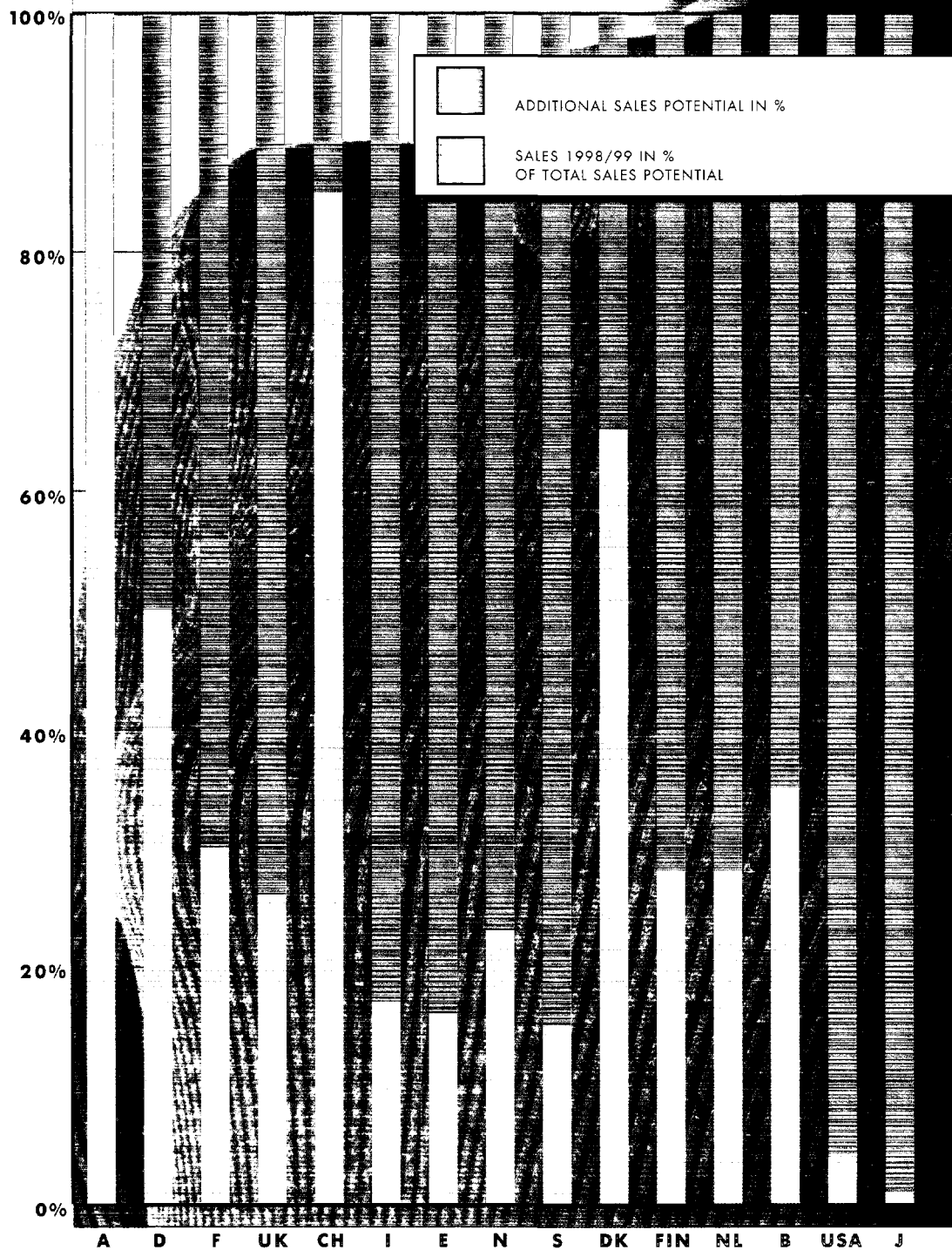


SALES PER PRODUCT GROUP

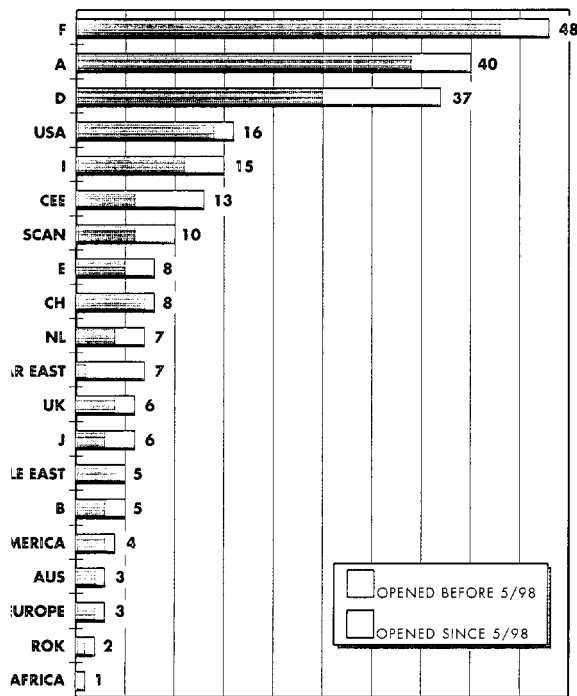




**Glass display stage
in manufacturing section**



244 BOUTIQUES WORLDWIDE IN 43 COUNTRIES
(PER 30.04.99)



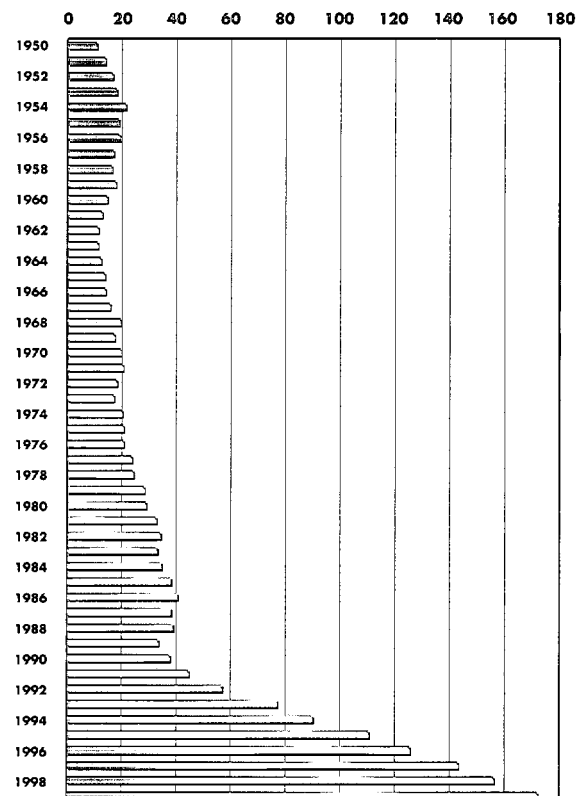
TOP 20 BOUTIQUES WORLDWIDE
(1998/99; 12 MONTH OPEN; SELL OUT)

1.	USA	NY, New York, 619 Madison Avenue
2.	A	Bregenz, Wolfordstraße
3.	CH	Basel, Freie Strasse
4.	UK	London, South Molton Street
5.	CH	Zürich, Kuttelgasse
6.	F	Paris, St. Honoré
7.	D	Frankfurt, Börsenstraße
8.	F	Paris, Marbeuf
9.	D	München, Maximilianstraße
10.	USA	NY, New York, 996 Madison Avenue
11.	USA	IL, Chicago, East Oak Street
12.	A	Wien, Schwechat, Airport
13.	DK	Copenhagen, Østergade
14.	I	Milano, Manzoni
15.	CH	Lausanne, Rue St. Francois
16.	F	Paris, Rue de Rennes
17.	A	Wien, Habsburgergasse
18.	RUS	Moskau, Galereya Akter
19.	CH	Bern, Marktgasse
20.	D	Nürnberg, Königstraße

TOP 20 DEPARTMENT STORES
(1998/99; SELL OUT)

1.	UK	Harrods, London
2.	UK	Harvey Nichols, London
3.	F	Galerie Lafayette, Boulevard Haussmann, Paris
4.	UK	Selfridges, London
5.	F	Printemps, Boulevard Haussmann, Paris
6.	D	KaDeWe, Berlin
7.	CH	Jelmoli, Zürich
8.	F	Bon Marché, Paris
9.	D	Karstadt, Bremen
10.	CH	Globus, Zürich
11.	IRL	Brown Thomas, Dublin
12.	D	Karstadt, Mönckebergstrasse, Hamburg
13.	DK	Illum, Copenhagen
14.	D	Kaufhof, Köln
15.	DK	Magasin du Nord, Lyngby
16.	ROK	Hyundai
17.	F	Printemps, Parly 2, Paris
18.	UK	Fenwick, London
19.	DK	Magasin du Nord, Copenhagen
20.	S	NK, Stockholm

AVERAGE PRICE PER UNIT IN ATS
1950 - 1999





IN 1998/99

THE FIRST WOLFORD STOCK OPTION MODEL

FOR EXECUTIVES WAS SET UP.

1% OF THE SHARE CAPITAL

WITH A VALUE OF ATS 34.1 MILLION WAS ACQUIRED.

A CONTINUATION OF THIS MODEL

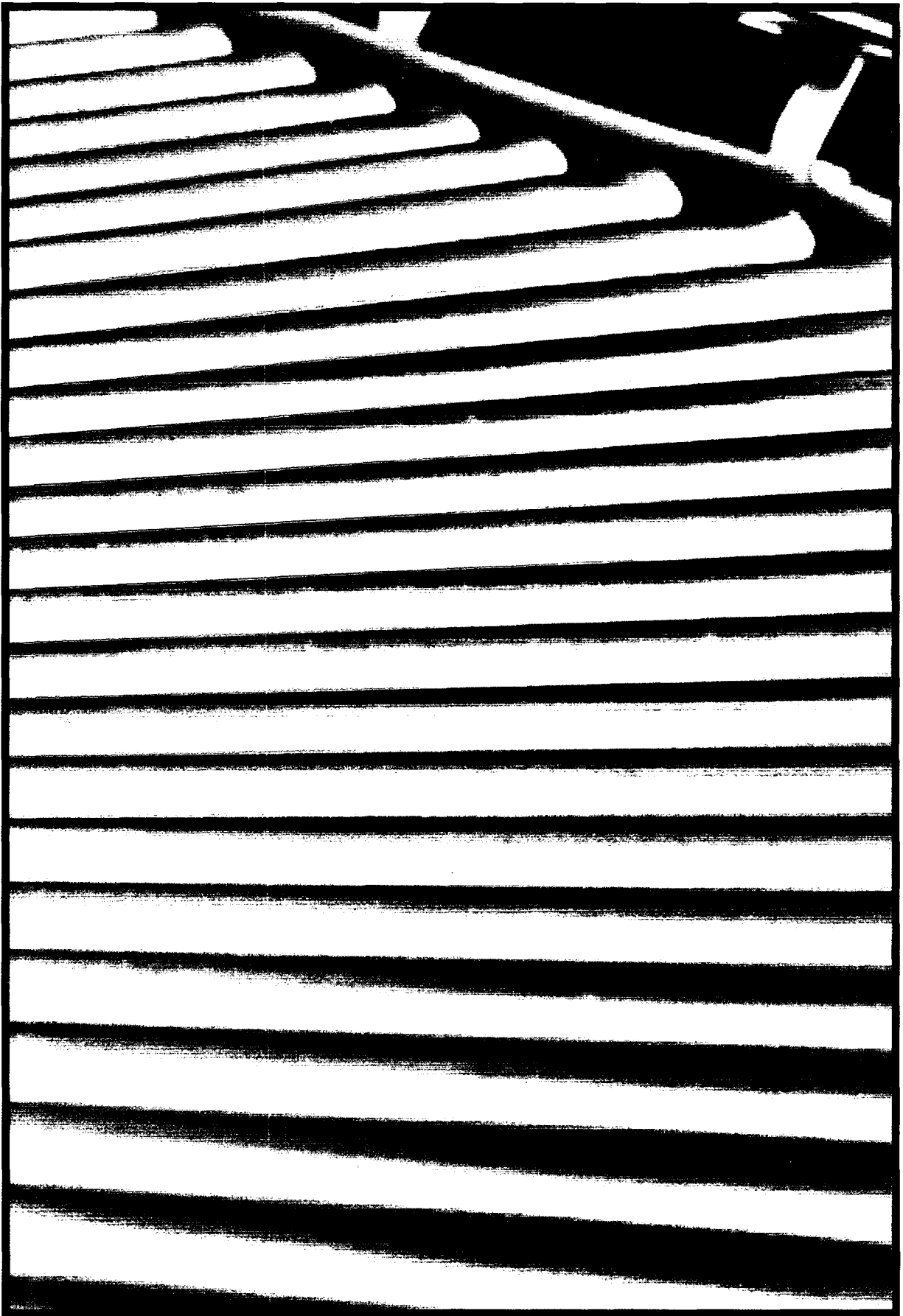
IS PLANNED FOR 1999/2000.

Ulrike Rohrer

Hubert Höfle

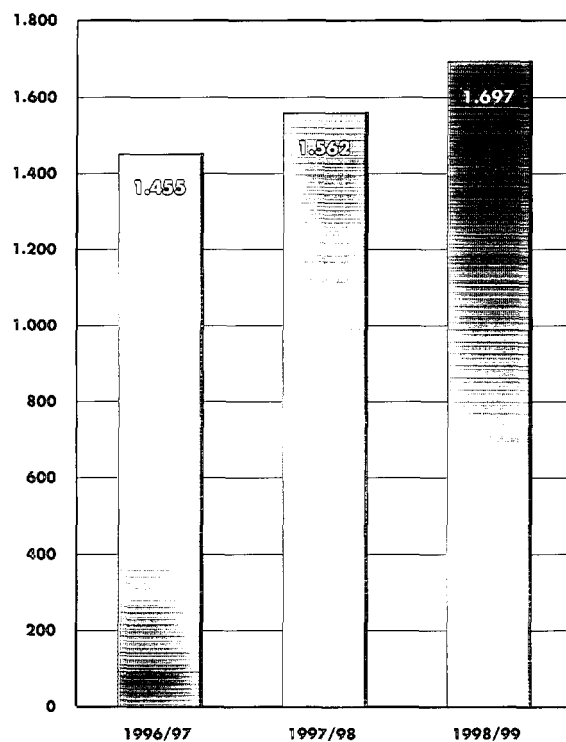
Christoph Wöginger



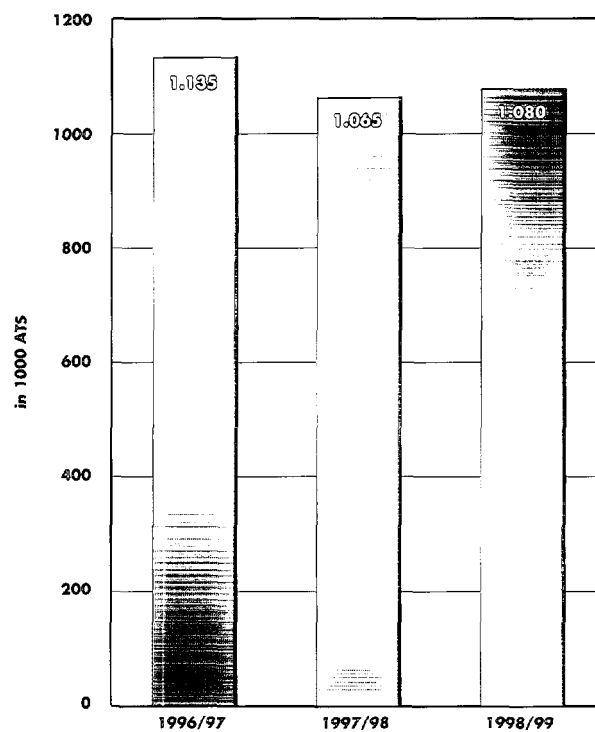


Wolford's key European markets demonstrated the strongest growth in the 1998/99 business year. Benelux up 31%, Scandinavia up 16%, Italy up 15%, Germany up 12%, Switzerland and Austria up by 10% each.

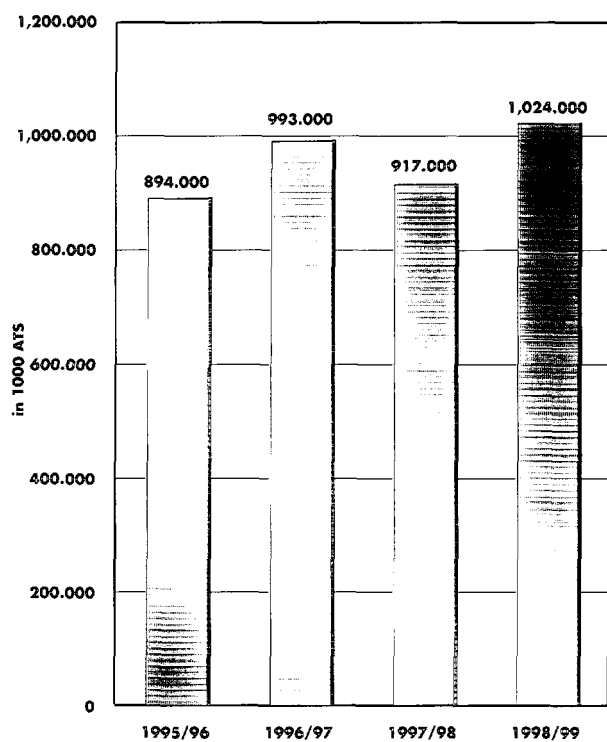
AVERAGE GROUP STAFF (FULLTIME)



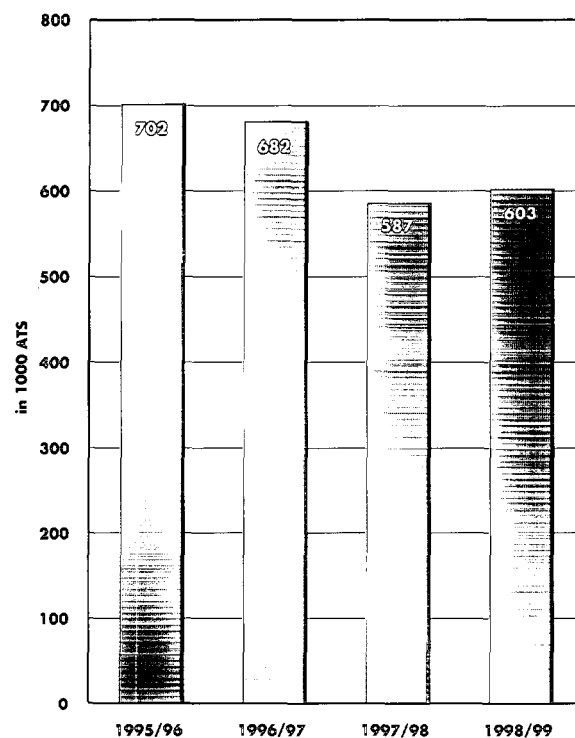
SALES PER EMPLOYEE



VALUE - ADDED



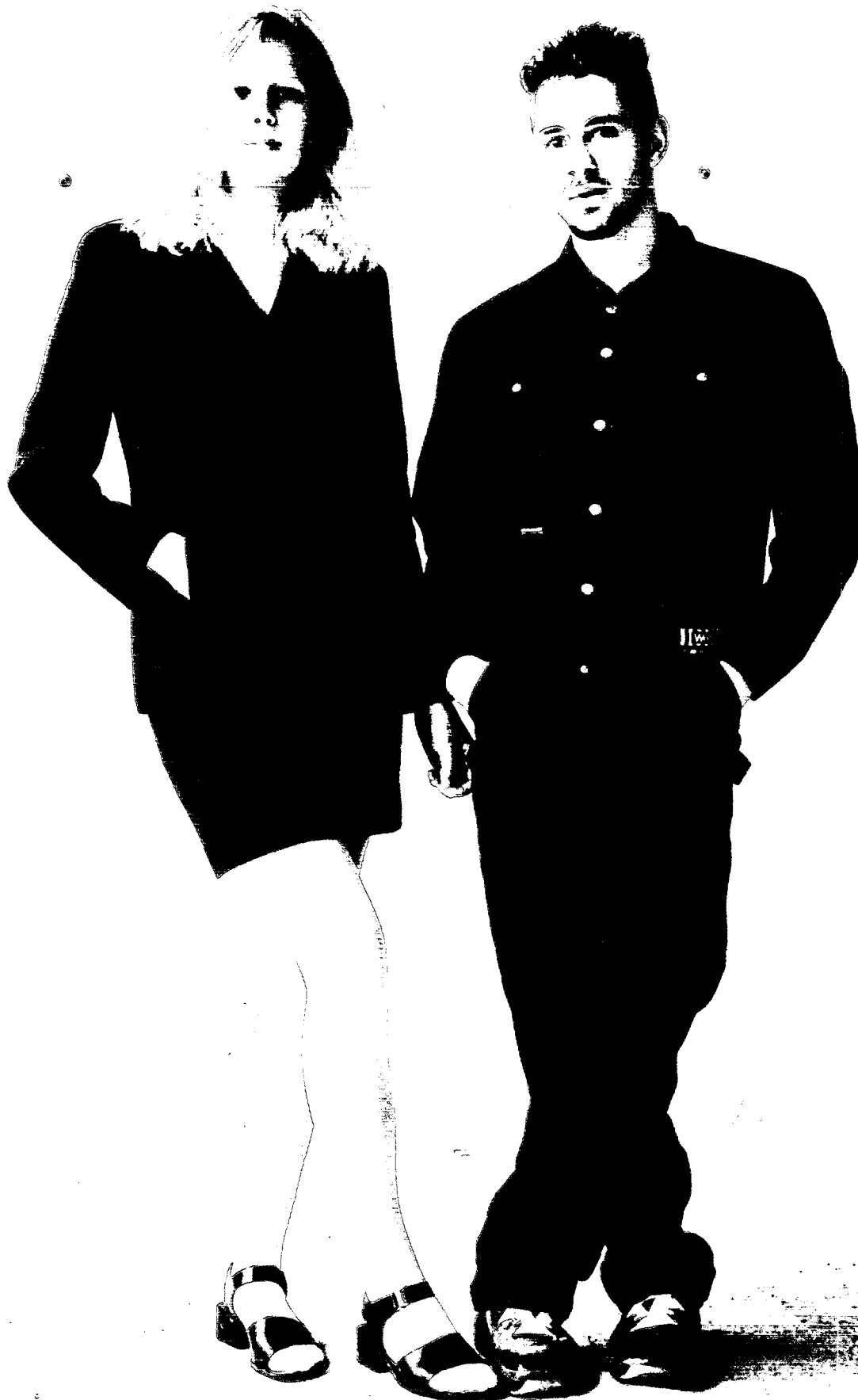
VALUE - ADDED PER EMPLOYEE



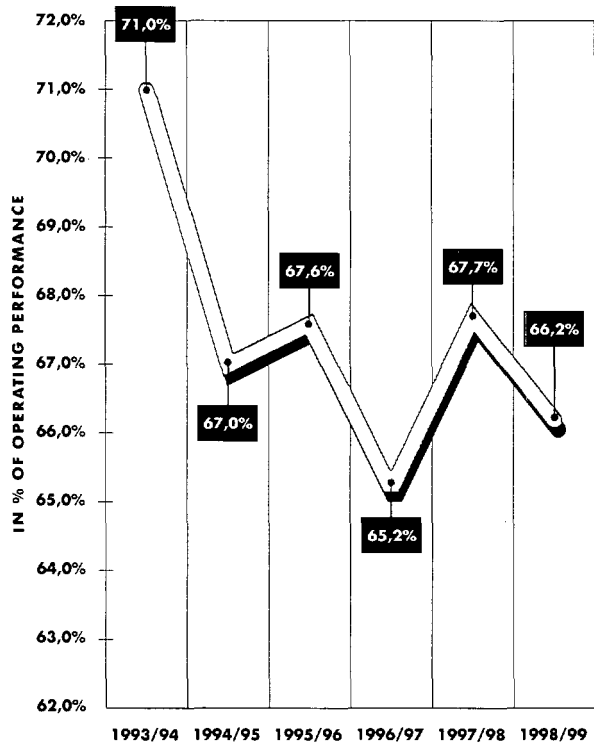


Personality profiles. They're young and energetic. They're self-motivated and ambitious. Today, Wolford trainees. Tomorrow, masters of their business.
Picture, left to right: Benjamin Tschernjak, Paul Willi

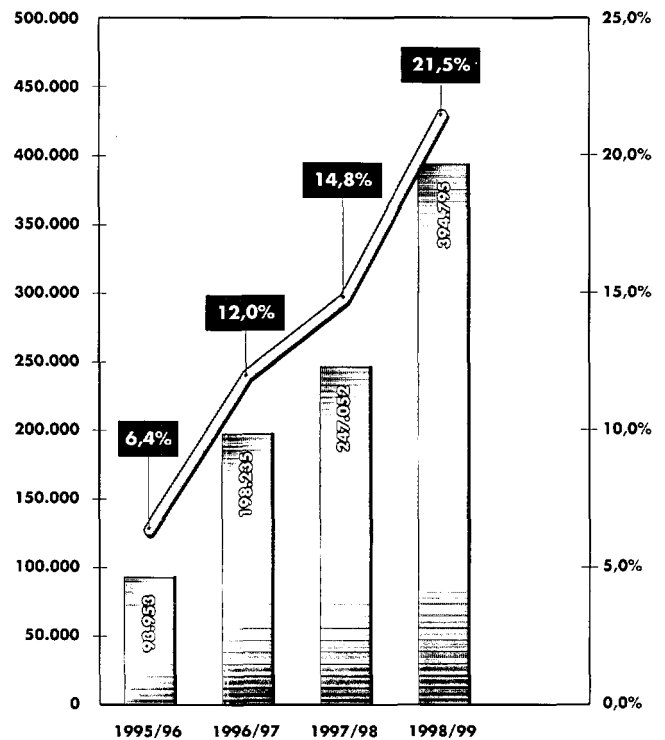
	APR 96	APR 97	APR 98	APR 99
ADMINISTRATION	52	53	48	49
DISTRIBUTION	327	370	437	601
PRODUCTION	1.062	1.177	1.176	1.249
TOTAL	1.441	1.600	1.661	1.899



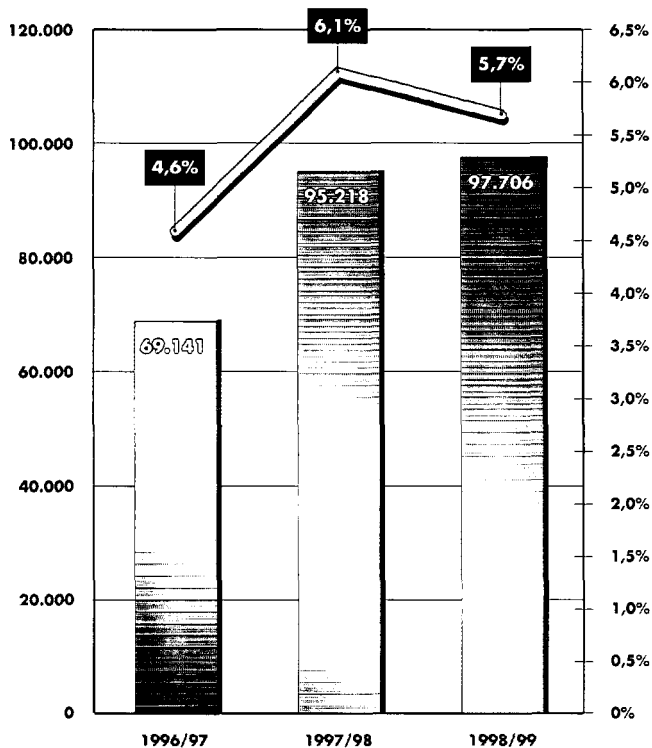
PERSONNEL-MATERIAL-COST-RATE



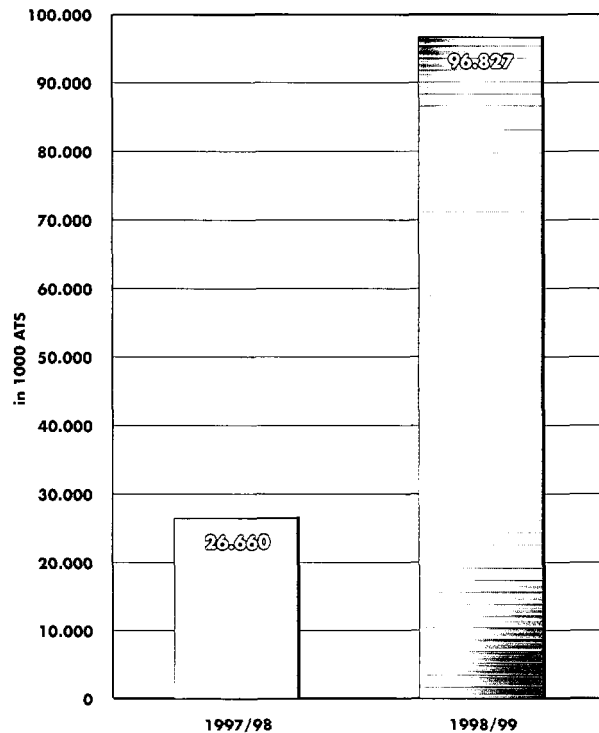
CAPITAL EXPENDITURES (TANGIBLE & INTANGIBLE ASSETS) (IN 1000 ATS / IN % OF SALES)



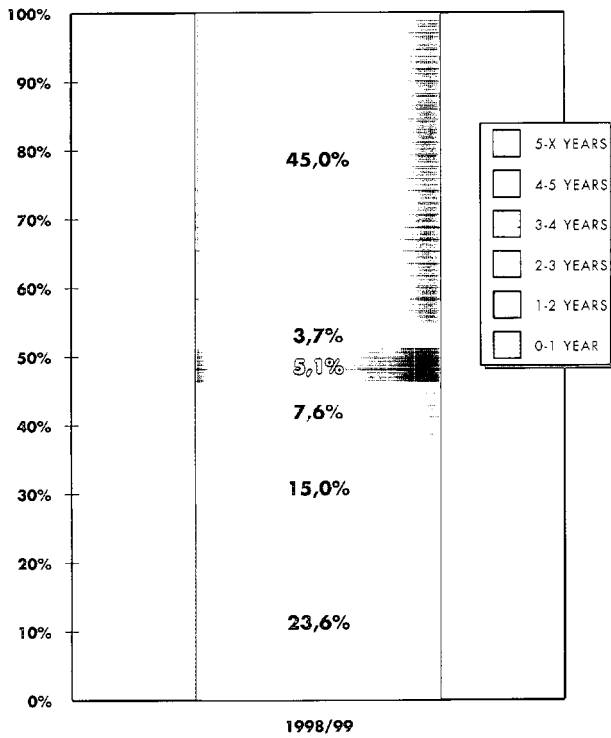
ADVERTISING & PROMOTION SPENDING (IN 1000 ATS / IN % OF BRAND SALES)



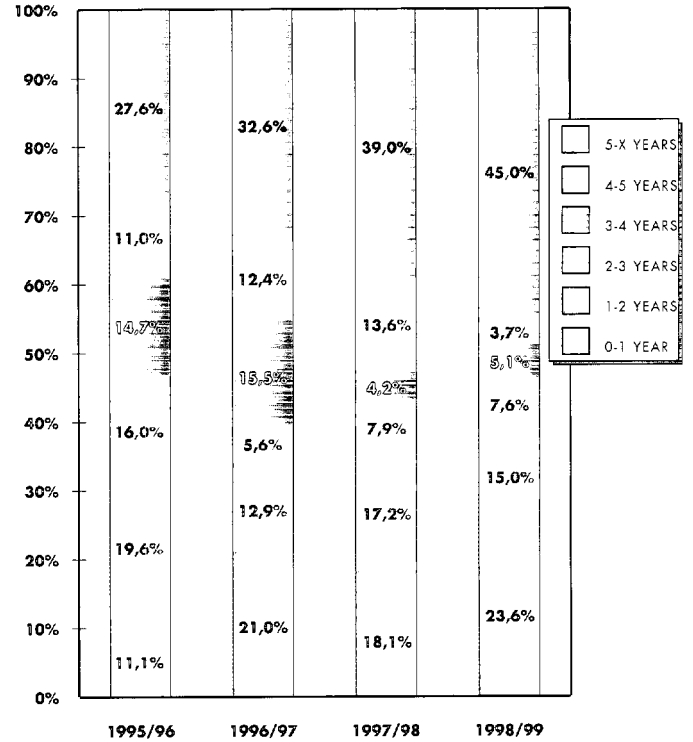
RETAIL OPERATIONS – SET UP COSTS



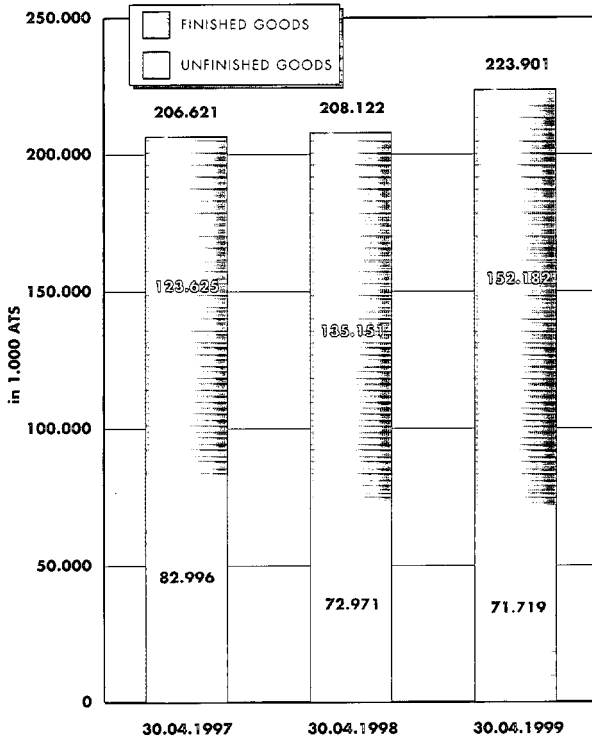
BRAND SALES - SHARE PER PRODUCT AGE



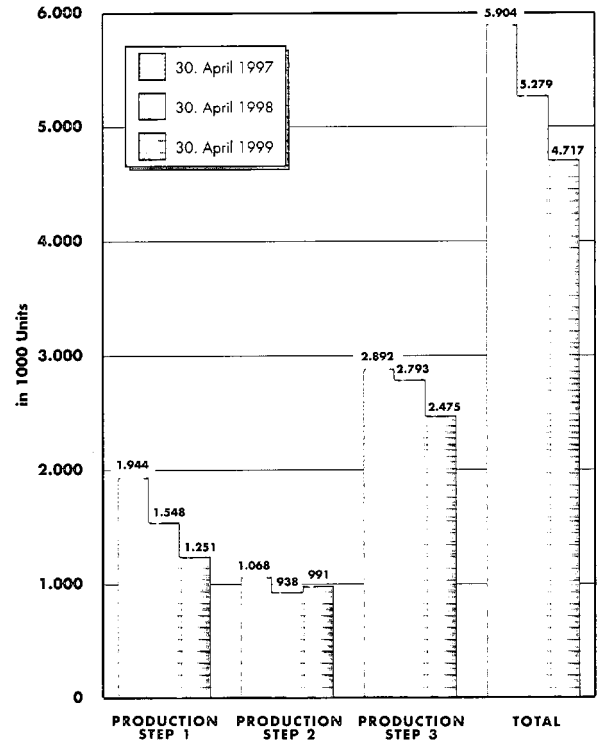
BRAND SALES - SHARE PER PRODUCT AGE



STOCKS WOLFORD GROUP



STOCKS WOLFORD GROUP





Ariane Visintainer

Dominik Oswald

Wolford play of light.

All production departments are
directly linked to the outside world
through glass surfaces.

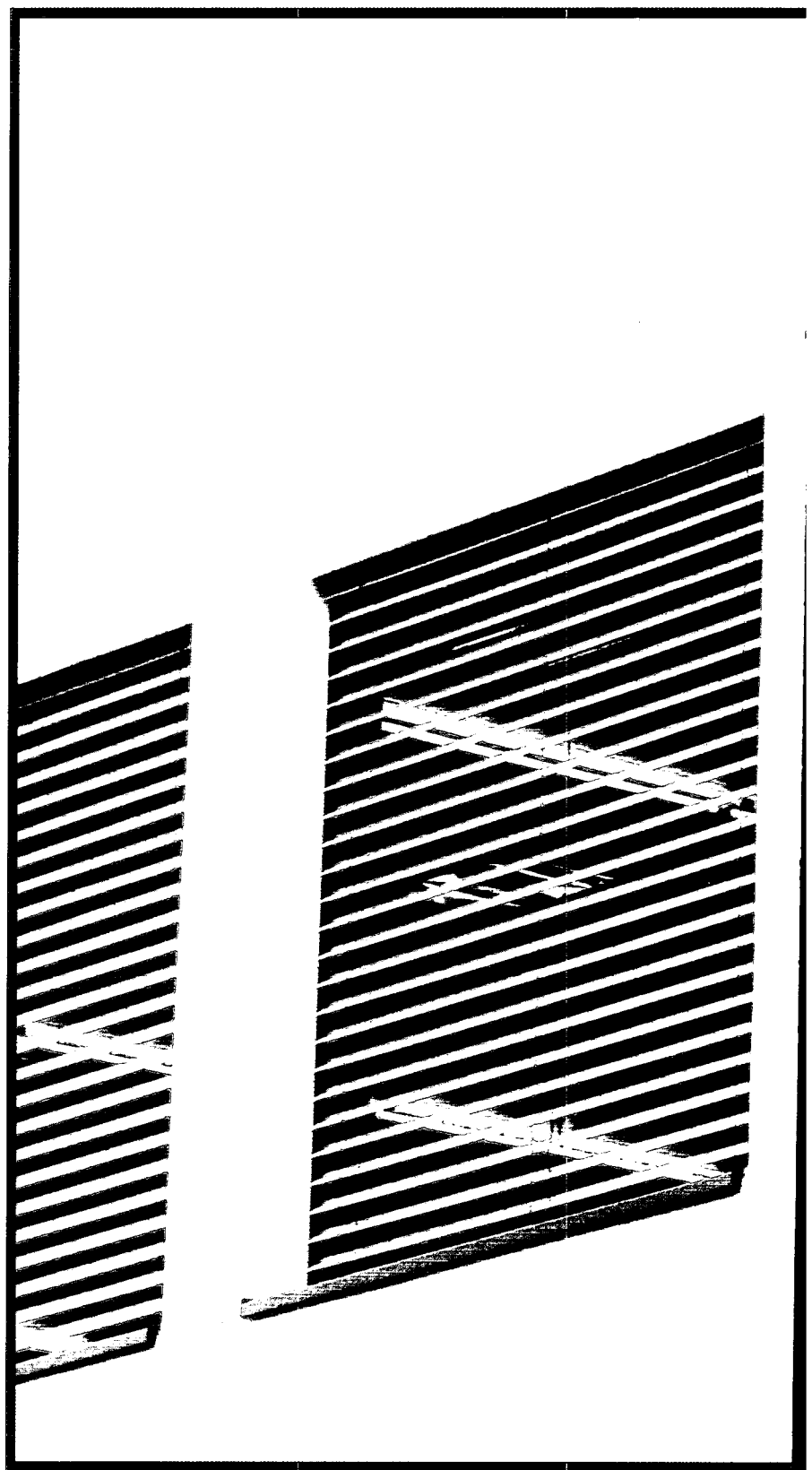
Natural light increases the sense
of wellbeing of the workforce
and creates
a pleasant atmosphere.

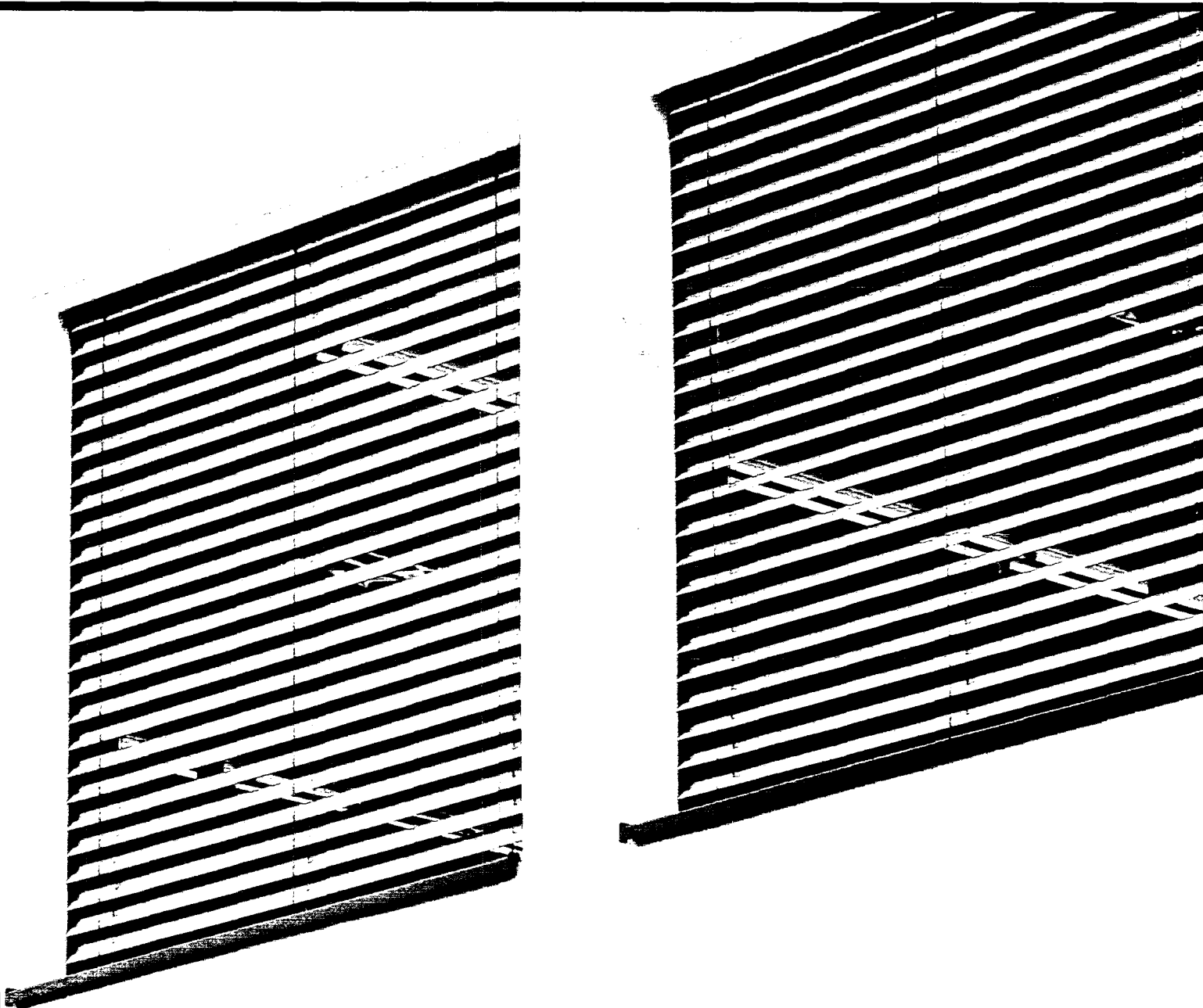
Atmosphere and quality of light
are both important factors
in an extensive
quality assurance concept.

Their balance is a prerequisite
for achieving
maximum product quality.

Lighting and shading
are electronically controlled
depending on levels of natural light.

Light has a consistent quality
at workspaces
in the production departments.





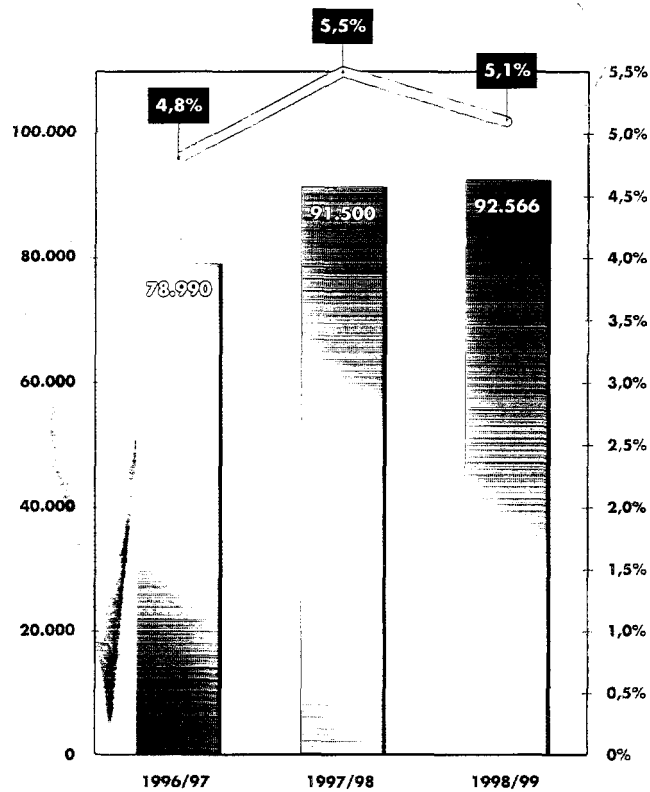
5.1% of group sales or ATS 92.6 million
is spent on Research and Development.

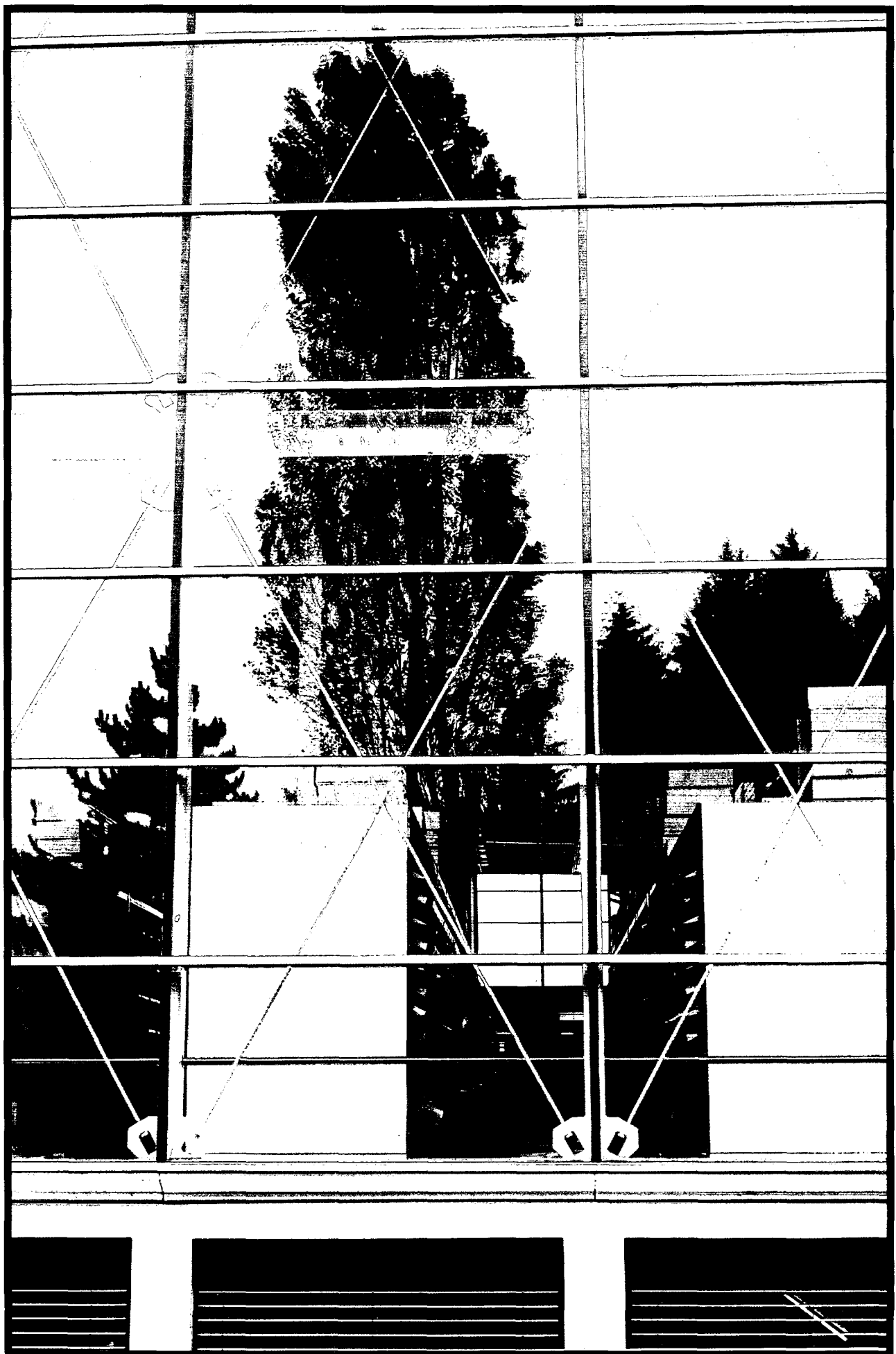
Pictured are lab trainees.

Clockwise: Bianca Haller, Stefan Walter, Barbara Anselm.



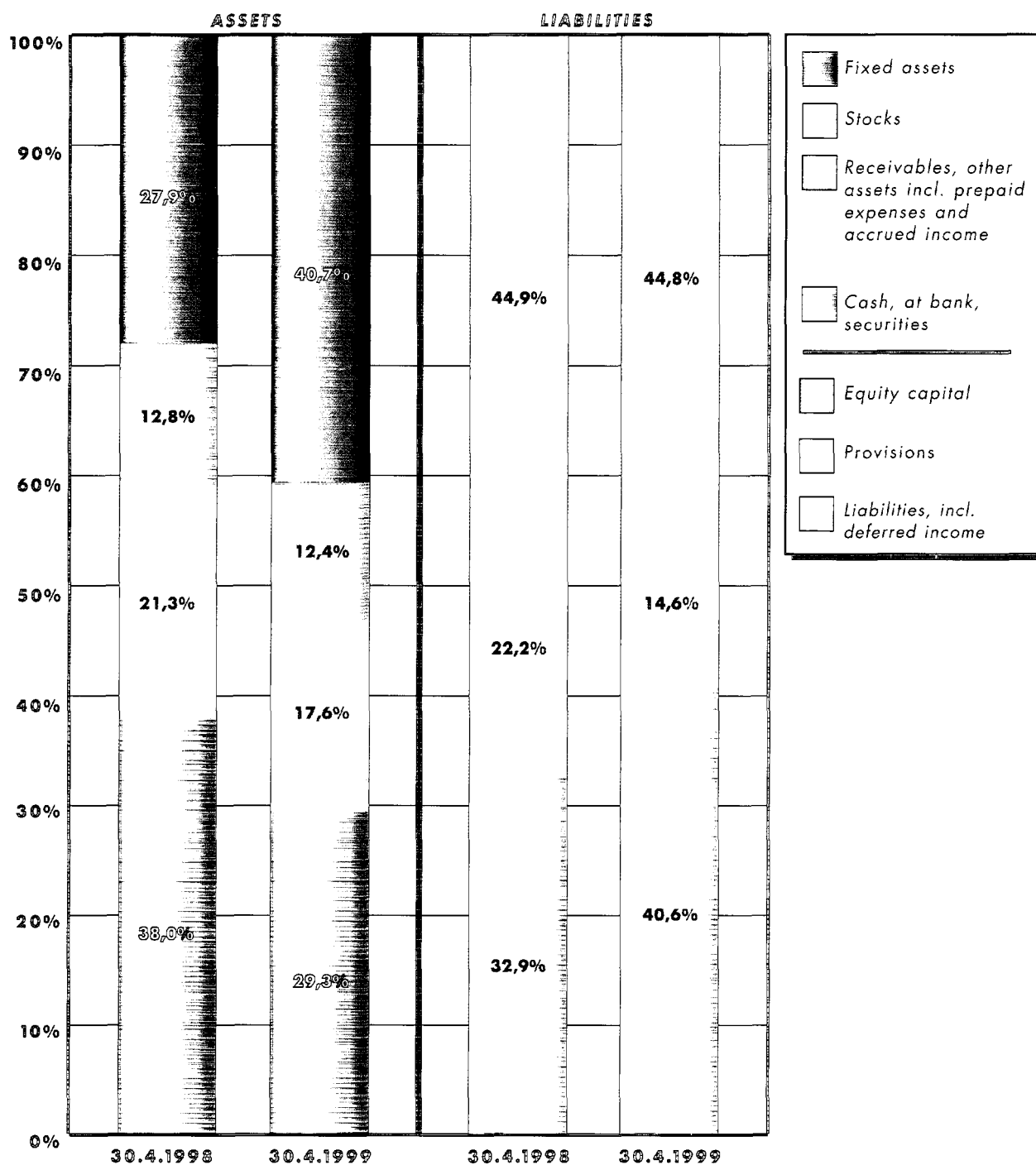
RESEARCH & DEVELOPMENT COST
(IN 1000 ATS / IN % OF SALES)





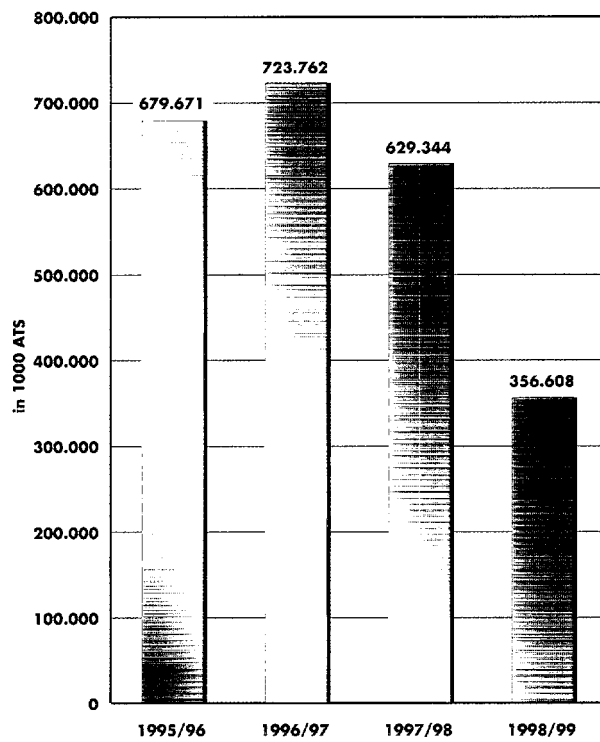
Front of the dispatch department

WOLFORD GROUP - BALANCE SHEET STRUCTURE

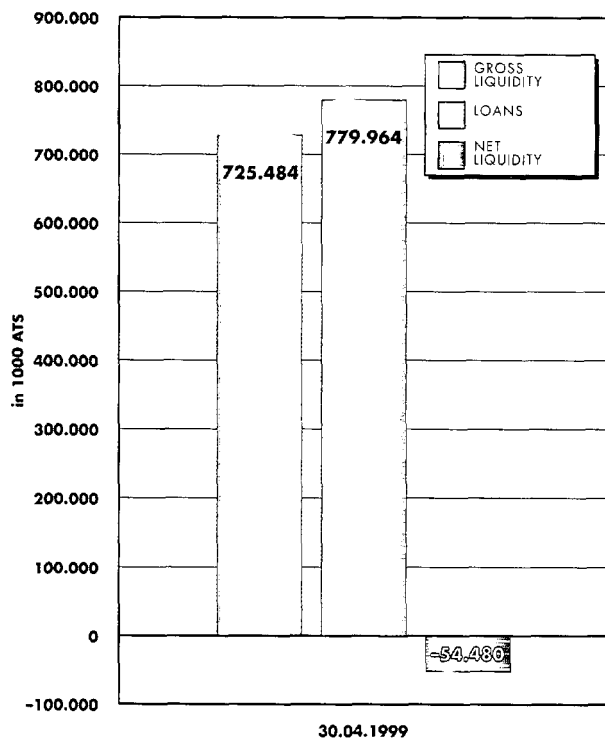




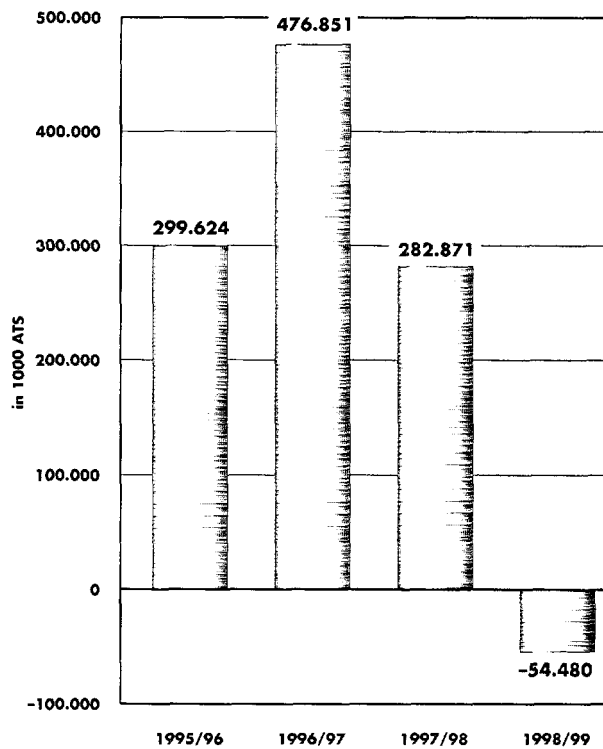
WORKING CAPITAL



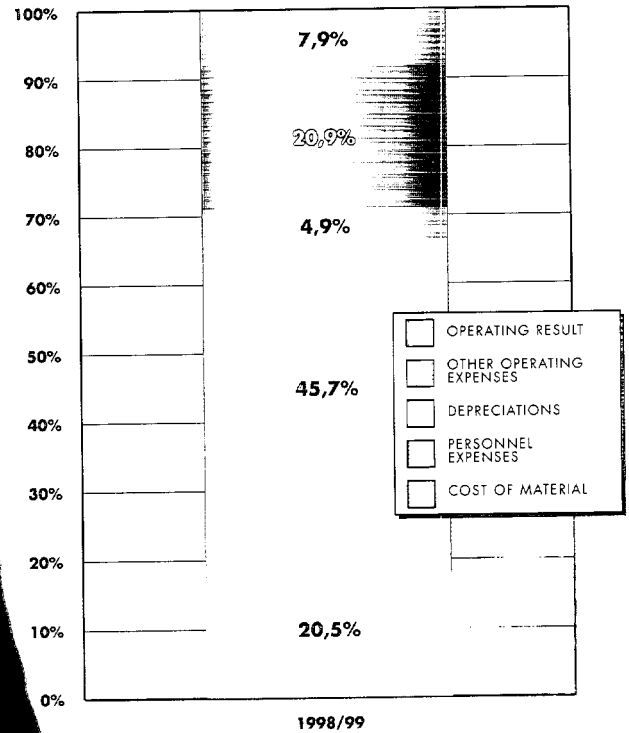
GROSS LIQUIDITY - LOANS - NET LIQUIDITY



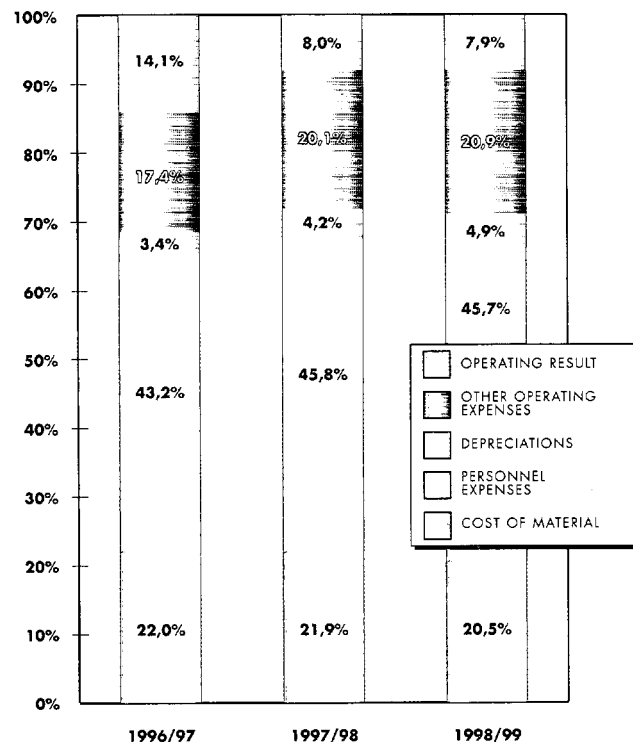
NET LIQUID FUNDS



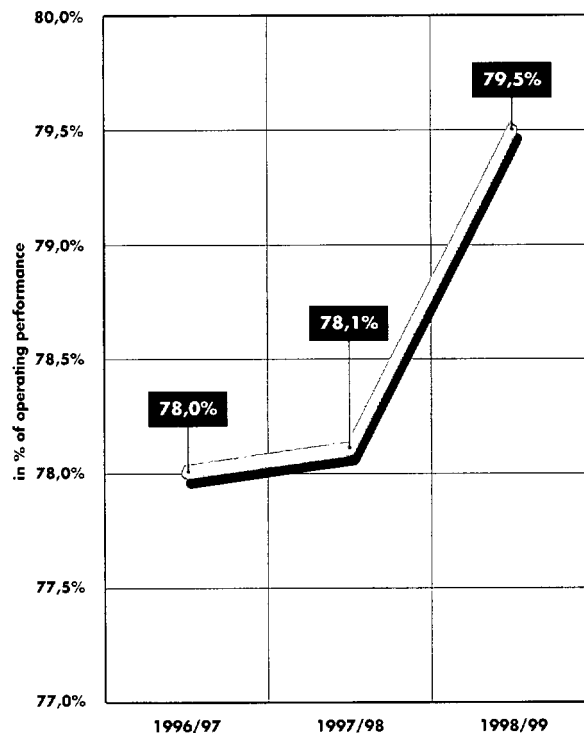
STRUCTURE OF OPERATING EXPENDITURES (IN % OF OPERATING PERFORMANCE)



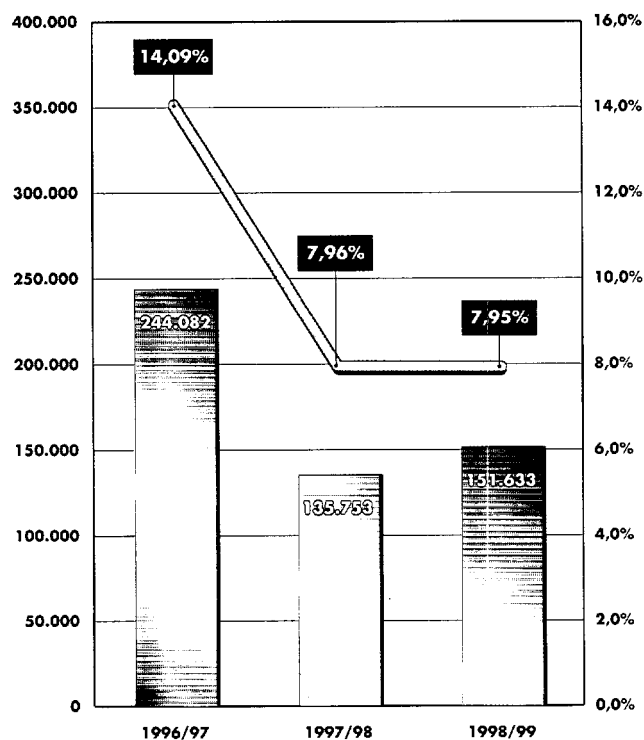
STRUCTURE OF OPERATING EXPENDITURES (IN % OF OPERATING PERFORMANCE)



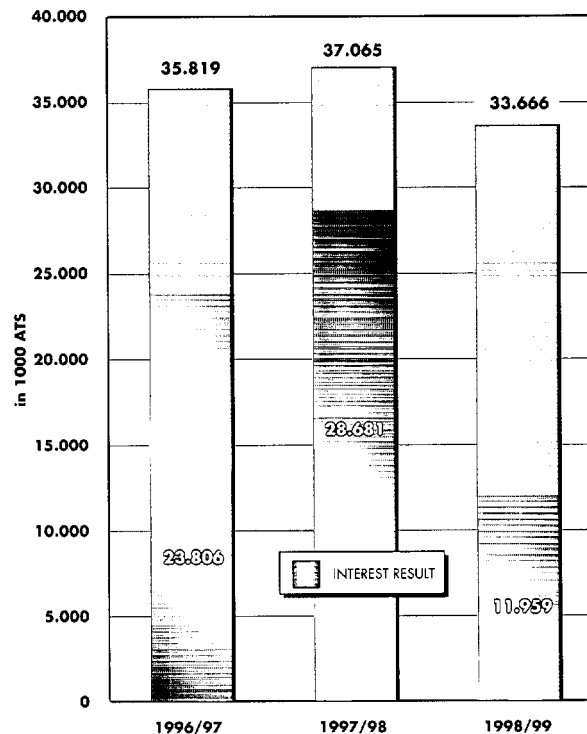
GROSS MARGIN

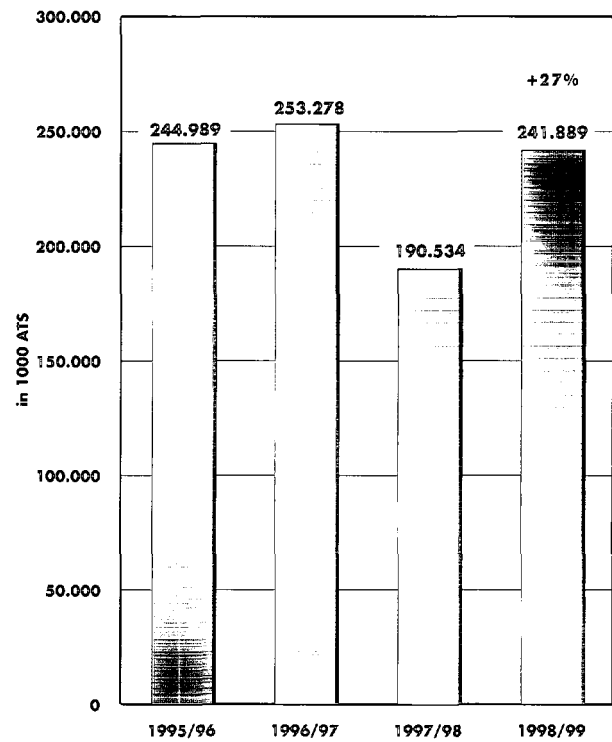
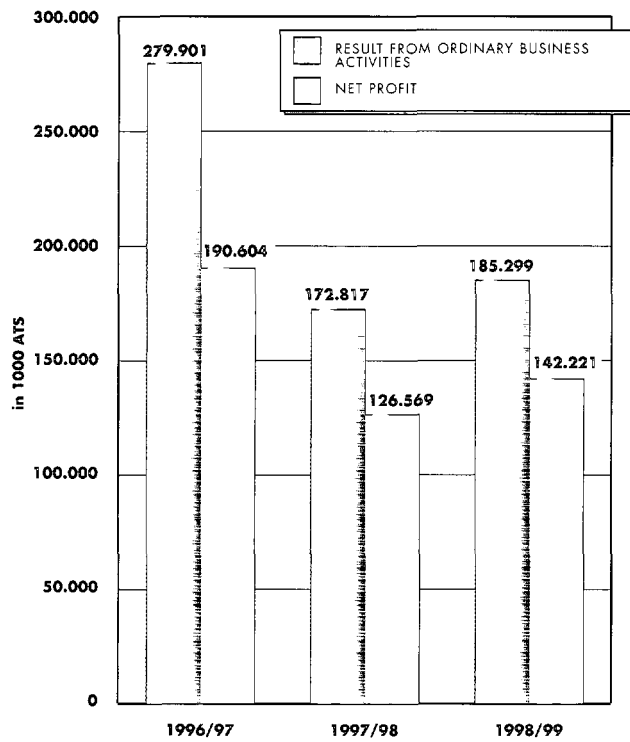
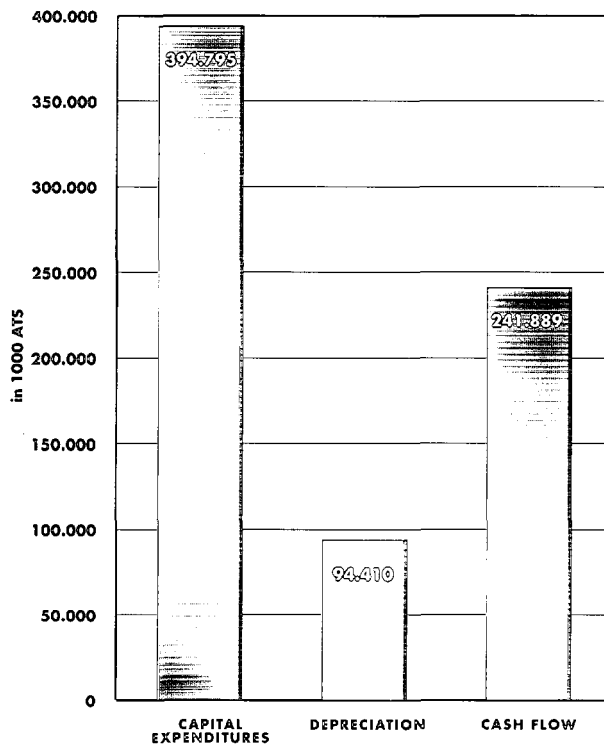


EBIT – EBIT MARGIN (IN 1000 ATS / IN % OF OPERATING PERFORMANCE)

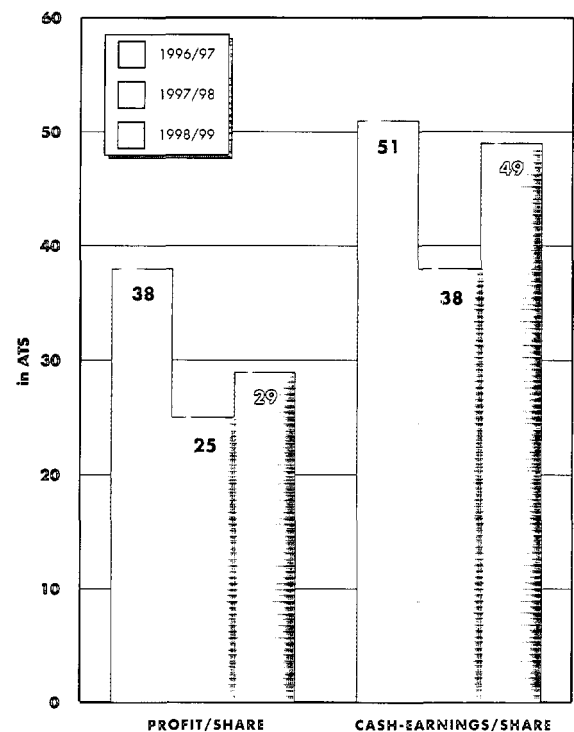


FINANCIAL RESULT

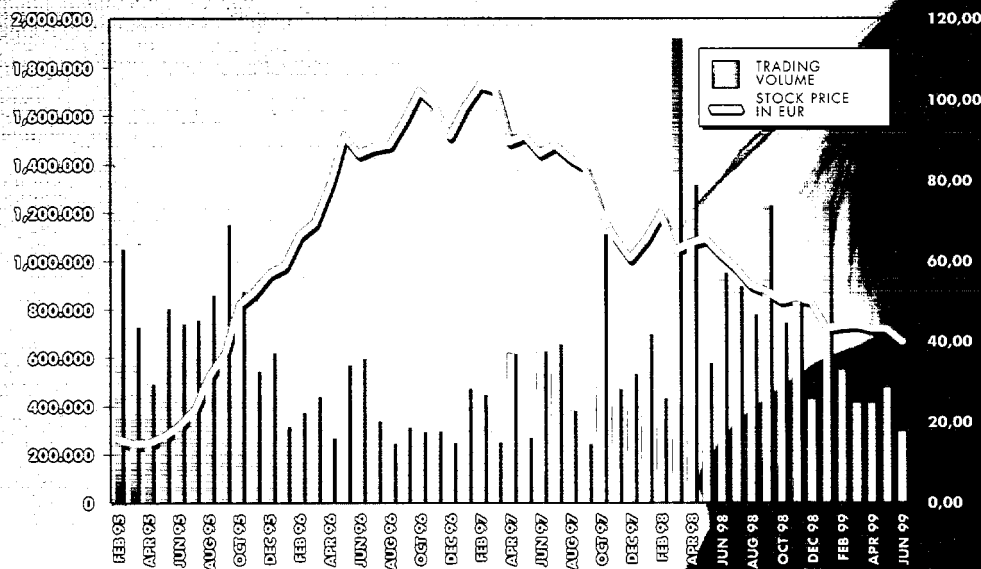


CAPITAL EXPENDITURES - DEPRECIATION - CASH FLOW
1998/99

PROFIT / SHARE - CASH-EARNINGS / SHARE



STOCK PRICE AND TRADING VOLUMES (VIENNA STOCK EXCHANGE)



I-D NO 187

PRODUCT: SATIN TOUCH STAY-UP

VISIONARY PRODUCTS LIKE *bodyCULTURE* AND WOLFORD MERINO FOR AUTUMN/WINTER 1999 ARE ALREADY ENJOYING AN EXCELLENT RECEPTION AMONGST SPECIALIST SUPPLIERS. THEIR APPEAL WILL CONTINUE TO DEVELOP WITH NEW, COMPLEMENTARY PRÊT À PORTER RANGES IN VISCOSE AND SILK FOR SPRING/SUMMER 2000.

WOLFORD'S GLOBAL DISTRIBUTION CHANNELS ARE DYNAMIC AND SUCCESSFULLY STRUCTURED.

THE MOST IMPORTANT BUILDING PLANS IN WOLFORD'S HISTORY ARE NEARING COMPLETION AND WILL OPEN NEW TECHNOLOGICAL, ORGANISATIONAL AND LOGISTICAL AVENUES FOR RATIONAL, ECONOMICAL AND ECOLOGICAL MANUFACTURING AT A HIGH-PERFORMANCE SITE.

THE TEAMS OF STAFF AT COMPANY HEADQUARTERS, IN FELDBACH, STYRIA AND IN THE 11 INTERNATIONAL SUBSIDIARIES, RECEIVE CONTINUOUS TRAINING, ENABLING THEM TO CONTRIBUTE THEIR COMMITMENT AND IMAGINATION TO THE CONTINUING SUCCESS OF WOLFORD.

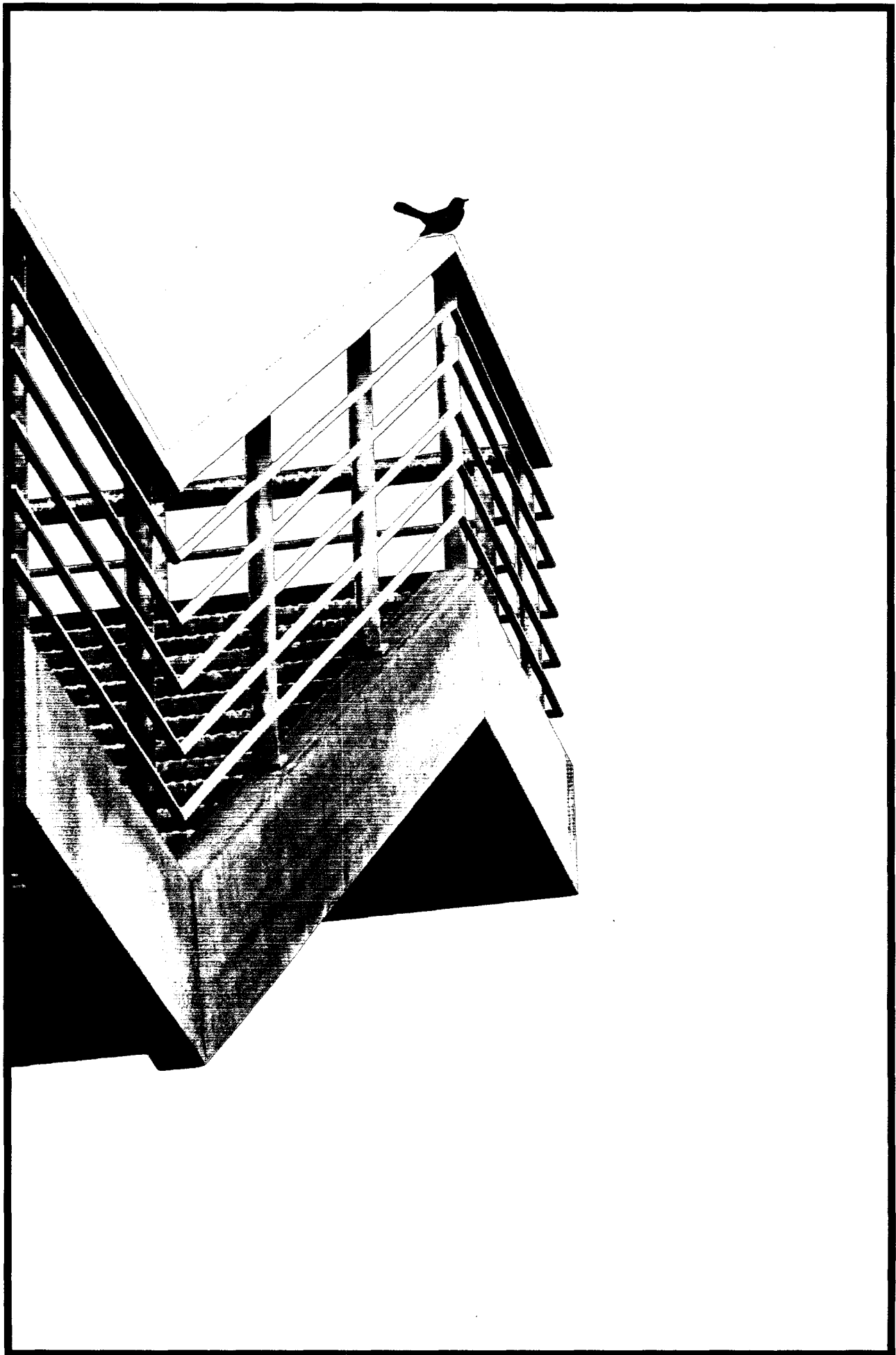
WOLFORD WILL CARRY ON EXPANDING THE NETWORK OF BOUTIQUES IN THE MOST ATTRACTIVE LOCATIONS. IN ADDITION TO THE US AND ASIA, THE FOCUS WILL BE ON THE MIDDLE EAST AND AFRICA. EUROPE WILL CONTINUE TO BE TOP PRIORITY MARKET.

WOLFORD-OWNED BOUTIQUES SUPPLEMENT THE GLOBAL MARKET PERFORMANCE AND GIVE THE EXCITING OPPORTUNITY OF BEING ABLE TO USE THE MARKET EXPERIENCES TO INTRODUCE PRODUCT IMPROVEMENTS AND INNOVATIONS. THIS EXPERTISE THEN BENEFITS ALL TRADE PARTNERS.

PARTNERSHIPS WITH DEPARTMENT STORES AROUND THE WORLD HAVE RESULTED IN A DOUBLE-DIGIT INCREASE IN SALES FROM SHOP IN SHOPS. THEIR SHARE OF TURNOVER ROSE BY 15% IN 1998/99.

MULTI-BRAND RETAILERS CONTINUE TO BE AS INDISPENSABLE AS THE PROSPEROUS CONTRACT SALES WITH THE PARTNERS PALMERS AND MIGROS.

THE STRUCTURES FOR SUCCESSFUL DISTRIBUTION MUST BE VARIED YET SELECTIVE.



24.8 – 26.8.2000

WOLFORD CELEBRATES

ITS FIRST 50 YEARS

IN BREGENZ

ON LAKE CONSTANCE

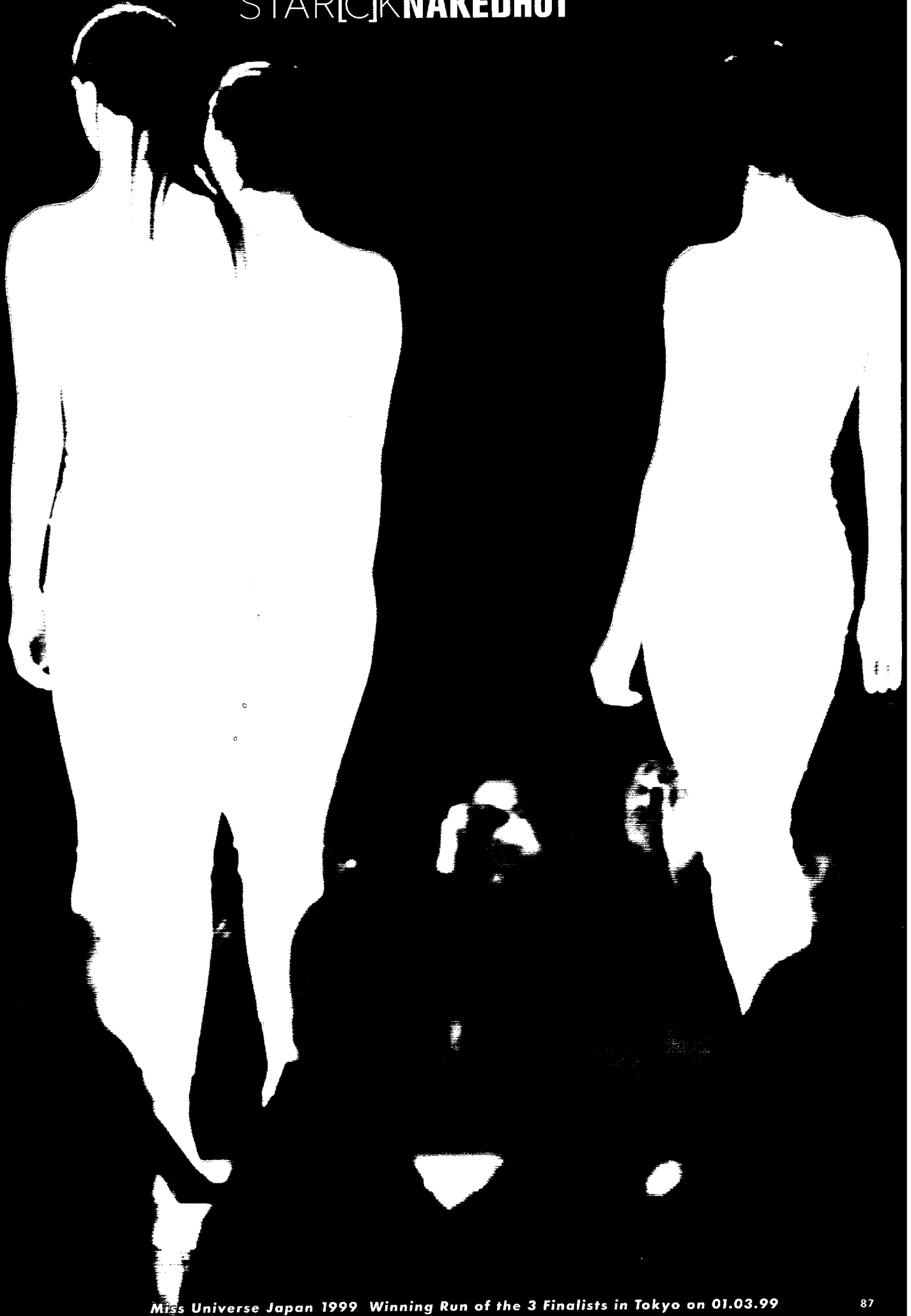
WITH CUSTOMERS

STAFF

PARTNERS

FRIENDS

AND ARTISTS.



SUPERVISORY BOARD REPORT

In financial year 1998/99 the Supervisory Board fulfilled the responsibilities placed upon it by the law and the Articles of Association.

**Four meetings of the Board were held,
as well as three meetings of the Balance Sheet Audit Committee.
The Management Board continually reported to the Supervisory Board
both orally and in writing on the progress of business
and of the performance of WOLFORD AG and its subsidiaries.**

**The Annual Accounts and Directors' report of WOLFORD AG
and the Consolidated Group accounts as of April 30, 1999 and the Directors' report
were examined by the auditors,
VIENNA Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH, Wien,
who were appointed in accordance with § 270 of the Austrian Commercial Code.**

**The Annual Accounts and the Consolidated Group Accounts Statements
were found to satisfy statutory regulations
and the provisions of the Articles of Association.
Since no objections were raised, an unqualified audit opinion was issued.
The Directors' Report agrees with the Annual Accounts and Consolidated Group Accounts.**

**The Supervisory Board has approved the Annual Accounts as of April 30, 1999,
and given its approval to the Directors' Report.
The Accounts for 1998/99 are thus approved
in accordance with § 125 of the Stock Corporation Law (Aktiengesetz).**

**The Supervisory Board has approved the Group Accounts,
as well as the Directors' Report.**

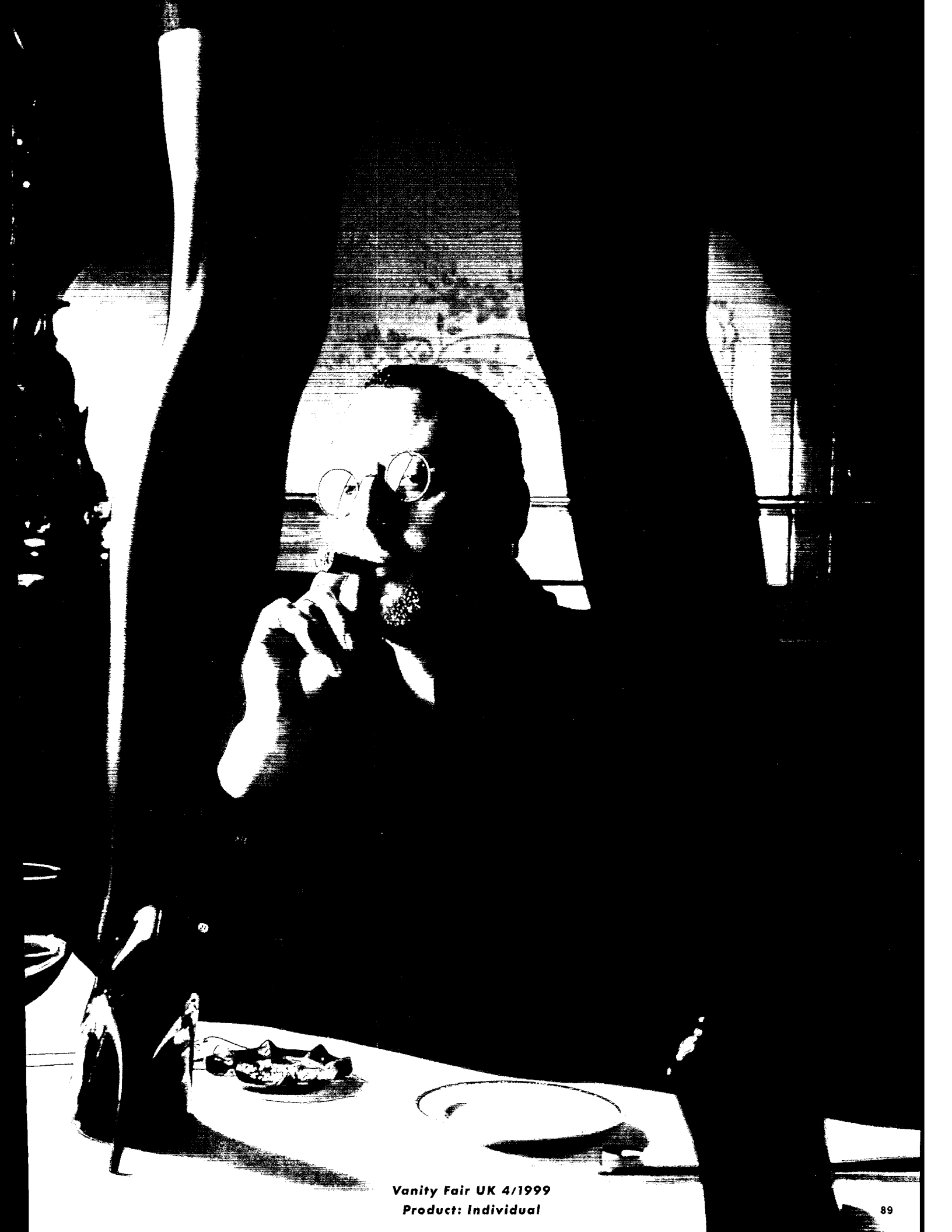
**The Consolidated Group Accounts 1998/99
established according to International Accounting Standards (IAS)
were also audited by VIENNA Wirtschaftsprüfungs- und SteuerberatungsgmbH,
were duly granted an unqualified audit opinion
and were also approved by the Supervisory Board.**

**The Supervisory Board has examined and approved
the proposal for the allocation of profit.**

Bregenz, in July 1999



**Leopold Bednar
Chairman of the Supervisory Board**



Vanity Fair UK 4/1999
Product: Individual



*The Rocky Horror Show by Richard O'Brien at Tiffany Theatre West Hollywood in January 1999
The crew is featuring Wolford qualities Severitas, Sixties, Individual, bodyCULTURE*

DISTRIBUTION OF PROFITS

**We hereby propose to the ordinary general meeting of shareholders
that the profit of
ATS 50.858.155,23
EUR 3.696.006,28
as shown on the balance sheet
be used to distribute a 10 % dividend
to the share capital of
ATS 500.000.000
EUR 36.336.417,08
and that the remaining amount of
ATS 858.155,23
EUR 62.364,57
be carried forward.**

The Managing Board

Josef Metzler m.p. Fritz Humer m.p. Karl Michael Millauer m.p.

Bregenz, in June 1999





ASSETS

	TATS	TATS	April 30, 1999 TATS	April 30, 1999 TEUR*)	April 30, 1998 TATS
A. START-UP COSTS			874	64	3.485
B. FIXED ASSETS					
I. Intangible assets					
1. Licences	33.026				26.279
2. Goodwill	<u>78.686</u>				<u>7.601</u>
		111.713		8.118	33.880
II. Tangible assets					
1. Land and buildings, thereof land TATS 82.353/TEUR 5.985	496.992				336.444
2. Machinery and equipment	41.388				52.658
3. Tools, factory and office equipment	82.097				56.087
4. Payment on account and assets in progress	<u>94.888</u>				<u>47.180</u>
		715.366		51.988	492.369
III. Financial assets					
1. Investments in affiliated companies	0				200
2. Securities	93.305				67.216
3. Treasury stock	<u>34.070</u>				<u>0</u>
		<u>127.375</u>		9.257	67.416
			954.453	69.363	593.665
C. CURRENT ASSETS					
I. Inventories					
1. Raw materials and consumables	65.949				65.098
2. Work in progress	71.719				72.972
3. Finished goods and merchandise	152.182				135.151
4. Payments on account	<u>1.448</u>				<u>1.456</u>
		291.298		21.169	274.677
II. Accounts receivable and other current assets					
1. Accounts receivable - trade	277.147				255.080
2. Other accounts receivable and other assets	<u>119.336</u>				<u>188.573</u>
		396.483		28.814	443.653
III. Securities		597.017		43.387	628.601
IV. Cash and cash equivalents		<u>93.212</u>		6.774	183.766
			1.378.010	100.144	1.530.697
D. PREPAID EXPENSES AND DEFERRED CHARGES					
1. Deferred tax assets		3.470		252	0
2. Other prepaid expenses and deferred charges		<u>12.485</u>		907	12.977
			15.955	1.159	12.977
			<u>2.349.293</u>	<u>170.730</u>	<u>2.140.824</u>

*) The consolidated financial statements of Wolford AG and subsidiaries are presented in Austrian Schillings (ATS). The translation in EURO (official exchange rate at December 31, 1998 1 EUR = 13,7603 ATS) is only given for information purposes.

SHAREHOLDERS' EQUITY AND LIABILITIES

[illegible]

CONSOLIDATED STATEMENT OF INCOME ACCORDING TO HGB
for the year ended April 30, 1999

	1998/99		1997/98	
	TATS	TATS TEUR	TATS	TATS
1. Sales	1.832.359	133.163		1.664.291
2. Changes in finished goods and work in progress	8.961	651		3.671
3. Other operating income				
a) Gain on disposal of fixed assets other than financial assets	787		112	
b) Release of provisions	2.433		970	
c) Other	62.913	66.133	36.509	37.591
4. Cost of materials and services				
a) Cost of materials	-358.306		-338.393	
b) Cost of services	-32.719	-391.025	-35.883	-374.276
5. Personnel expenses				
a) Wages	-248.300		-227.917	
b) Salaries	-411.743		-362.961	
c) Termination payments	-16.982		-6.246	
d) Pension costs	-3.492		-2.732	
e) Expenses for social security contributions and pay related contributions	-179.296		-163.602	
f) Other personnel related expenses	-12.359	-872.172	-17.411	-780.869
6. Depreciation of intangible and tangible fixed assets, as well as start-up costs		-94.910		-72.198
7. Other operating expenses				
a) Taxes other than income taxes	-2.463		-2.518	
b) Other expenses	-395.749	-398.212	-339.939	-342.457
8. Subtotal (items 1 to 7) Operating result		151.633		135.753
9. Income from other securities and loans held as financial assets thereof TATS 0,00/TEUR 0,00 from subsidiaries (1997/1998 TATS 0)		3.420		3.960
10. Interest and similar income, thereof TATS 0,00/TEUR 0,00 from subsidiaries (1997/1998 TATS 0)		36.153		44.306
11. Gains on the disposal and write-up of financial assets and securities held as current assets		20.471		8.923
12. Expenses relating to financial assets and securities held as current assets		-2.184		0
13. Interest and similar expenses, thereof TATS 0,00/TEUR 0,00 from subsidiaries (1997/1998 TATS 0)		-24.194		-15.625
14. Subtotal (items 9 to 13) Financial result		33.666		37.065
15. Result from ordinary business activities		185.299		172.818
16. Taxes on income		-43.077		-46.249
17. Net income		142.221		126.569

CONSOLIDATED FIXED ASSETS MOVEMENT SCHEDULE AS OF APRIL 30, 1999

A. START - UP COSTS												
at 1.5.1998		Translation differences	Acquisition/Production Costs		Re-		Disposals		at 30.4.1999		Write-up 1998/99	
		Additions	classification						Accumulated Depreciation	Net book value at 30.4.1999		
TATS												
		365	996	-5.147	0	1.085	210	874	3.485	1.240	0	
TEUR												
		27	72	-374	0	79	15	64	253	90	0	
B. FIXED ASSETS												
I. Intangible assets												
1. Licences		54.203	-25	15.408	0	532	69.053	36.028	33.026	26.279	8.559	0
2. Goodwill		8.777	439	76.113	5.147	103	90.372	11.686	78.686	7.601	7.956	0
TATS												
		414	91.521	5.147	635	159.425	47.714	111.713	33.880	16.515	0	
TEUR												
		30	6.651	374	46	11.586	3.467	8.118	2.462	1.200	0	
II. Tangible assets												
1. Land and buildings *)		453.715	702	88.714	96.805	5.568	634.369	137.376	496.992	336.444	22.041	0
2. Machinery and equipment		271.538	0	14.643	0	4.524	281.657	240.269	41.388	52.659	25.905	0
3. Tools, factory and office equipment		194.023	270	53.932	1.536	17.181	232.579	150.482	82.097	56.087	28.710	0
4. Payment on account and assets in progress		47.180	65	145.985	-98.341	0	94.888	0	94.888	47.180	0	0
TATS												
		1.037	303.274	0	27.273	1.243.493	528.127	715.366	492.369	76.655	0	
TEUR												
		75	22.040	0	1.982	90.368	38.380	51.988	35.782	5.571	0	
III. Financial assets												
1. Investments in affiliated comp.		200	0	0	0	200	0	0	0	200	0	0
2. Securities		68.210	0	35.255	0	10.000	93.465	160	93.305	67.216	0	834
3. Treasury stock		0	0	34.070	0	0	34.070	0	34.070	0	0	0
TATS												
		68.410	0	69.325	0	10.200	127.535	160	127.375	67.416	0	834
TEUR												
		4.972	0	5.038	0	741	9.268	12	9.257	4.899	0	61
TATS												
		1.097.845	1.451	464.119	5.147	38.108	1.530.454	576.001	954.453	593.665	93.171	834
TEUR												
		79.784	105	33.729	374	2.769	111.222	41.860	69.363	43.143	6.771	61
TOTAL												
TATS		1.102.715	1.816	465.116	0	38.108	1.531.539	576.211	955.328	597.150	94.410	834
TEUR		80.137	132	33.801	0	2.769	111.301	41.875	69.426	43.397	6.861	61

*) thereof land TATS 82.353

Wolford AG ("Wolford" or "the Company") is an international manufacturer of high-quality hosiery, bodysuits and swimbodies for the luxury market. The parent company is a stock company incorporated in Bregenz, Austria.

The foreign subsidiaries solely operate as sales companies for the products manufactured by the parent company.

1. GENERAL INFORMATION

1. BASIC ACCOUNTING PRINCIPLES

The consolidated financial statements as of 30 April 1999 have been prepared in compliance with the provisions of §§ 244 of the Austrian Commercial Code (HGB) in the current version.

2. SCOPE OF CONSOLIDATED ENTITIES

In addition to the parent company the following subsidiaries are included in the consolidated financial statements:

Fully Consolidated Companies	Location	direct ownership %
Wolford Deutschland GmbH,	Munich	100
Wolford (Schweiz) AG,	St. Margrethen	100
Wolford Paris S.a.r.l.,	Paris	100
Wolford London Ltd,	London	100
Wolford Italia s.r.l.,	Milan	100
Wolford España S.L.,	Madrid	100
Wolford Scandinavia ApS,	Copenhagen	100
Wolford America, Inc.,	New York	100
Wolford Japan K.K.,	Tokyo	100
Wolford Nederland B.V.,	's-Hertogenbosch	100
Wolford China Limited,	Hong Kong	100
		indirect ownership %
Wolford Boutiques, LLC,	New York	100

The number of fully consolidated companies increased to 12, as Wolford China Ltd, Hong Kong (business activities started in May 1998) and the subsidiary of Wolford America, Inc., New York, Wolford Boutiques, LLC, New York (founded in August 1998) were included in the consolidation for the first time in financial year 1998/99.

3. SUMMARY OF ACCOUNTING AND VALUATION PRINCIPLES

All amounts stated in the consolidated financial statements of Wolford AG and subsidiaries have been presented in Austrian Schillings ("ATS"). All companies included in the consolidated accounts have adopted April 30 as the balance sheet date.

The financial statements of the individual consolidated entities have been prepared using uniform accounting and valuation principles.

Fixed assets

Fixed assets are valued at cost of acquisition or production and are depreciated by the straight-line method over their normal useful lives.

Direct interest cost for tangible assets, whose production or acquisition comprise a longer period of time are not capitalized.

Scheduled straight-line depreciation of **tangible assets** is based on estimated useful lives as follows:

Buildings	10 to 50 years
Machinery and equipment	4 to 10 years
Other equipment, furniture and fixtures	3 to 10 years

Significant reductions in value are reflected in non-scheduled depreciation.

Repair and maintenance costs are expensed as incurred. Such costs are only capitalized if it is expected that the additional expenditure will yield economic benefits from use of the asset in the future.

Intangible assets

Acquired intangible assets, which consist primarily of purchased software, are valued at acquisition cost and depreciated on a straight-line basis over a period of three to six years. Goodwill resulting from acquisitions are depreciated over a period of 5 to 15 years.

Financial assets

Financial assets are valued at cost less provisions for any sustained impairment in value.

Research and development costs

Research and development costs are expensed as incurred. Expenses for research and development amounted to TATS 92.600/TEUR 6.730 (1998: TATS 91.500) in 1998/99.

Inventories

Raw materials and supplies are recorded at lower of cost or market value. Cost is determined on a weighted average price basis

Work-in-progress and finished goods are valued at production cost or at the lower realisable net sales value. Production costs include all expenses, which are directly related to the product, as well as all variable and fixed overhead in connection with the production. Direct interest cost and social expenses and pension costs are not capitalized. Cost is determined on a weighted average price basis. Appropriate write-downs are made in the financial statements to reflect inventory risks arising from limited usefulness and slow-moving items.

Marketable securities and investments

Marketable securities and investments are valued at the lower of cost or market at the balance sheet date.

Accounts receivable

Accounts receivable and other assets are valued at the lower of cost or market at the balance sheet date.

Provisions

Provisions for termination payments and similar obligations (employee anniversary benefits) are recorded using the net present value method using a discount rate of 4 % and a staff turnover rate of 9 %.

The pension provision is actuarially calculated using the net present value with a discount rate of 6 % and the Ettl-Pagler mortality tables.

Other provisions are made in accordance with anticipated requirements, in conformity with the principles of reasonable commercial judgement foreseeable at the time of the preparation of the balance sheet.

Liabilities

Liabilities are stated at the higher of the nominal value or the amount repayable at the balance sheet date. Liabilities denominated in foreign currencies are valued at the higher of cost or average exchange rate at the balance sheet date.

Consolidation principles

Subsidiaries have been consolidated using the book value method. Accordingly, the investment value applicable to the subsidiaries is applied against shareholders' equity at the time of acquisition or initial consolidation.

Any resulting positive/negative surplus is attributed to the assets where possible and written down against profits over the working life. Any surplus still remaining is capitalized as goodwill and written down against profits over the working life. In addition at each balance sheet date the goodwill is examined for impairment.

Elimination of intra-group balances

All intercompany trade account receivables, loans and other accounts receivable as well as income from intercompany relationships are eliminated in consolidation.

Intra-group gains or losses from transfer of assets, if material, are offset. The same procedure is applied to material intra-group profits from inventories.

Untaxed reserves

representing special tax investment allowances, are reflected as revenue reserves after deduction of deferred taxes.

Revenue Recognition

Revenue is recognized on sales when title passes, generally upon delivery to the customer or on performance of the related service. Similar to license income and rental income, interest income is recognized at a pro-rated time basis, taking into account effective interest rates.

Foreign Currency Translation

In the individual financial statements all foreign currency transaction are converted at the exchange rate ruling at the transaction date. Provided that no hedging transactions have been made in respect of such amounts, such foreign currency monetary items are translated at the exchange rate ruling at the balance sheet date using the lower of cost or market principle or the higher of cost or market principle.

All amounts in Euro are translated into ATS at the rate irrevocably established on 31 December 1998 and thus treated as domestic currency.

The reporting currency of the Company is the Austrian Schilling ("ATS"). The functional currency for all of the foreign subsidiaries is their local currency.

The modified current rate method is used for the translation of financial statements of the foreign subsidiaries. Accordingly, all assets and liabilities with the exception of the shareholders' equity and the investment in group companies have been translated using the average exchange rates as of the balance sheet date or the rate irrevocably established pursuant to the Euro Introduction Act, respectively. Investments in group companies and equity accounts have been translated using the historical exchange rates. Income and expense accounts have been translated at the average annual exchange rate for the fiscal year.

Translation differences resulting from the exchange rate at the balance sheet date and the historical exchange rates used for equity accounts have been recorded in revenue reserves. Translation differences resulting from the exchange rate at the balance sheet date and the average annual exchange rate have been recorded in other operating expenses and other operating income.

Hedging

Wolfford enters into forward exchange contracts and options to limit its exposure to the effects of foreign currency fluctuations for its accounts receivable and for anticipated business transactions.

These financial instruments are valued at fair value at the balance sheet date; any resulting losses are expensed.

4. FINANCIAL RISK MANAGEMENT

Financial Instruments

Financial instruments are contract-based transactions, which contain a claim to payment. Under IAS 32 these include, on the one hand primary financial instruments such as accounts receivable and payable on goods or services or finance accounts receivable and payable. On the other hand, these also include derivative financial instruments, which are used solely as hedge against changes in foreign exchange rates.

Primary financial instruments

Existing primary financial instruments of the company, which may involve a credit risk, are accounts receivable, cash and cash equivalents, financial assets as well as other securities.

Credit risk

All sums reported as assets also represent the maximum credit default risk. Nevertheless, the risk can be considered low, as the contractual partners are customers and financial institutions with highest ranking.

Interest rate change risk

There is an interest rate change risk on the asset side only in the fixed-interest bearing securities included in financial assets. Since these securities can be liquidated at any time, the interest rate change risk cannot be termed significant.

The book value of the bank liabilities as of April 30, 1999 equals the fair value of the bank liabilities based on the current interest rates.

Exchange rate risks

Exchange rate risks from existing foreign accounts receivable, anticipated sales as well as accounts payable are hedged by forward exchange contracts and options.

For auditing and controlling risks resulting from hedging transactions an appropriate internal auditing system has been implemented.

Derivative financial instruments

Forward exchange contracts and options are used by the Treasury Department of the Company.

Nominal- /fair values at the balance sheet date are as follows.

Forward contracts	332.281	237.628	-89.145	-8.359
in TEUR	24.148	17.269	-6.478	-607
Options - bought	-	28.424	-	0
in TEUR	-	2.066	-	0
Options - sold	-	47.490	-	-4.365
in TEUR	-	3.451	-	-317

The nominal values result from the gross amount of all purchase and selling prices of the forward contracts. The nominal values of the options represent the total transaction volume at exercise price.

Fair values result from the amounts at which the financial instruments are quoted at the balance sheet date, without allowing for the valuation effects of the underlying transactions. The stated sold options were contracted in connection with the bought options.

As of April 30, 1999 the following foreign exchange spot positions in non-EURO were open:

Currency	in T-FX (foreign currency)	in TATS	unrealized gain/loss at			
			+% exchange rate		-% exchange rate	
			%		%	
USD	2.527	32.822	10	656	10	-656
JPY	81.876	8.875	25	-299	25	299
GBP	5.014	104.933	10	-6.768	10	6.326
CHF	6.467	55.204	10	1.105	10	-1.105
Total	95.884	201.834		-5.306		4.864
TEUR	6.968	14.668		-385		755

Fair value

The carrying value of cash and cash equivalents, accounts receivable and other assets and accounts payable trade as well as short-term liabilities and provisions approximate fair value due to the short-term maturity of these assets and liabilities.

The fair value of the financial assets amounts to TATS 89.528/TEUR 6.506 (1998: TATS 57.216) at the balance sheet date.

The cost and estimated fair value of the securities as of 30 April 1999 is as follows:

in TATS	Acquisition costs	Market value	Non-realized profits/losses
30 April 1999			
Fixed-interest loans in Euro	174.552	173.631	(921)
Fixed-interest loans other than Euro	32.352	33.407	1.055
Variable-interest loans in Euro	196.549	196.483	(66)
Investment bonds and			
Investment funds	194.500	199.729	5.229
Other	2.633	2.633	0
Total	600.586	605.883	5.297
TEUR	43.646	44.031	385
30 April 1998			
Fixed-interest Austrian loans	173.331	173.473	142
Fixed-interest foreign loans	101.170	102.162	992
Variable-interest Austrian loans	45.870	45.085	(785)
Variable-interest loans in foreign currencies	136.324	136.758	434
Investment bonds and			
Investment funds	171.940	171.784	(156)
Other	5.495	5.495	0
Total	634.130	634.757	627

5. THE YEAR 2000

In the fiscal year 1998/99 a number of measures have been taken to guarantee that the company's hard- and software systems are timely converted before the change of the year 1999 to 2000. Until the year end 1998 a mayor part of the systems concerned have been checked respectively have already been converted to Year 2000 compliance. The management assumes that all EDP-Systems used in production, selling and administration will be prepared in time for the change of the year 1999 to 2000.

6. EARNINGS PER SHARE

The earnings per share is determined by dividing the net income by the number of shares issued. In fiscal year 1998/99 50.000 treasury stock were repurchased and allowed for in the calculation of the earnings per share.

II. NOTES TO THE BALANCE SHEET

ASSETS

FIXED ASSETS

Start-up costs represent expenditures associated with the foundation of the Company's international sales distribution networks in China and the Netherlands. Amortization of the start-up costs is provided on a straight-line basis over a period of five years.

Treasury stock

in fiscal year 1998/99 1 % of the share capital was repurchased by the company and used for an employee stock option plan.

CURRENT ASSETS

Current assets are as follows:

	30.04.1999 TATS	30.04.1999 TEUR	30.04.1998 TATS
Accounts receivable - trade	277.147	20.141	255.080
thereof with a residual period of more than a year	3.878	282	5.606
Other accounts receivable and other assets	119.336	8.672	188.573
thereof with a residual period of more than a year	1.387	101	9.558
Total	396.483	28.813	443.653
thereof with a residual period of more than a year	5.265	383	15.164
thereof secured by bills of exchange	2.693	196	6.505

Unbilled revenues of TATS 34.588/TEUR 2.514 (1997/98: TATS 16.000) are included in other accounts receivable and other assets.

Deferred Taxes

In addition to the deferred tax payables recorded in the individual financial statements deferred taxes for consolidation purposes (intra-group income/expense elimination, and intra-group debt consolidation) in accordance with § 258 Commercial Code are recorded. Deferred tax assets were taken into account where it was to be expected with reasonable certainty that sufficient taxable

income will be earned in the future. In financial year 1998/99 the selective right contained in the Austrian Commercial Law, which permits to record those deferred tax assets which were not shown in the individual financial statements, was used in the consolidated balance sheet, with an income effect of TATS 12.528/TEUR 910.

SHAREHOLDERS' EQUITY

Share capital

The share capital of the company consists of 5.000.000 issued and outstanding ordinary shares, with a nominal value of ATS 100/7,27 EUR each. Each ordinary share is entitled to one vote.

Effective September 2, 1996 by approval of the Annual General Meeting and in accordance with the provisions of the Austrian Corporation Law (Aktiengesetz), the officers are entitled to increase the share capital by an additional TATS 250.000/TEUR 18.168 during the subsequent five years.

Capital Reserves

The appropriated capital reserves represent contributions in excess of nominal value resulting from the share issuance in fiscal year 1994/95.

Revenue Reserves

The Austrian Companies Act requires companies to set up reserves in the amount of one-tenth of the nominal value of the company's share capital. In the event that legal reserves and other appropriated capital reserves are below this level, a company is required to allocate five percent of its annual net profits to such reserves.

Reserve for treasury stock

In the fiscal year 1998/99 the Company repurchased stocks in the amount of 1 % of the share capital. Accordingly, a reserve for own shares has been set up in the balance sheet.

Untaxed Reserves

relating to the parent company are also recorded in revenue reserves, after deduction of deferred taxes. At April 30, 1999 untaxed reserves amounted to TATS 83.109 / TEUR 6.040 (30.4.1998 TATS 70.638).

Other Provisions

Other provisions are as follows:

	30.04.1999 TATS	30.04.1999 TEUR	30.04.1998 TATS
Personnel-related provisions:			
Vacation	41.315	3.002	40.610
Special premiums	25.569	1.858	24.076
Extra hours	1.234	90	1.422
Long-service bonuses	13.480	980	12.783
Hedging valuation	9.516	692	3.039
Other	36.191	2.630	28.063
Total	127.305	9.252	109.993

Liabilities

Short-term liabilities are as follows:

	30.04.1999 TATS	30.04.1999 TEUR	30.04.1998 TATS
Bank borrowings	674.782	49.038	425.250
Payments received on account of orders	647	47	230
Accounts payable - trade	80.892	5.879	91.366
Other liabilities	82.030	5.961	75.035

Included in other liabilities are accrued expenses of TATS 68.300/TEUR 4.964 (30.4.1998 TATS 67.000) payable after the balance sheet date.

Long-term liabilities are as follows:

	30.04.1999 TATS	30.04.1999 TEUR	30.04.1998 TATS
Bank borrowings	105.182	7.644	104.245
Other liabilities	7.036	511	5.367

Liabilities to banks and similar organizations are as follows:

	30.04.1999 TATS	30.04.1999 TEUR	30.04.1998 TATS
Short-Term:			
Variable-rate export prom. loans due on demand	255.000	18.532	215.000
0.47% - 0.85% variable-rate bank loan in Jap. Yen	111.327	8.090	37.569
1,42% variable-rate bank loan in Swiss Francs	29.263	2.127	0
2,68 - 2,82% variabel-rate bank loan in ATS	140.000	10.174	0
3.125 % fixed and variable bank loan	88.000	6.395	88.000
5,09% variable rate bank loan in USD	36.759	2.671	0
3,55% variable bank loan sec. by bill of exchange	0	0	70.655
thereof short-term	14.433	1.049	14.000
Other	0	0	26
Total short-term loans	674.782	49.038	425.250

Long-Term:	30.04.1999 TATS	30.04.1999 TEUR	30.04.1998 TATS
European Recovery Program ("ERP") loan at a fixed rate of 3.5% through June 1997, and from July 1997 at a variable rate of 4%, repayable in semi-annual installments, beginning July 1997 through Dec. 2002	40.000	2.907	50.000
ERP loan at a fixed rate of 3.5 % through June 2000, repayable in semi-annual installments, beginning July 2000 through January 2005	50.000	3.634	50.000
ERP loan at a fixed rate of 2.5% through January 2000, repayable in semi-annual installments, beginning January 2000 through June 2005	3.200	233	5.000
ERP loan at a fixed rate of 2,5% through January 2002, payable in semi-annual installments, beginning January 2002	17.000	1.235	0
Variable rate promotion loan granted by VlbG, repayable in semi-annual installments through January 2000	2.166	157	4.176
Variable rate promotion loan granted by VlbG, repayable in semi-annual installments through January 2002	7.249	527	9.069
Total long-term loans	119.615	8.693	118.245
thereof current portion	14.433	1.049	14.000

Long-term liabilities are secured by the Company's marketable securities amounting to TATS 143.500/TEUR 10.429 (30.4.1998 TATS 146.500).

Other Commitments

Wolford AG and some of its subsidiaries leases its office and business facilities, which are accounted for as operating leases in accordance with Austrian income tax law.

The minimum annual rental commitments under long-term, non-cancelable operating leases as of April 30, 1999 were as follows:

	TATS	TEUR
Fiscal 1999/00	58.370	4.242
Fiscal 2000/01	57.380	4.170
Fiscal 2001/02	52.275	3.799
Fiscal 2002/03	42.070	3.057
Fiscal 2003/04	20.154	1.465
Total	230.249	16.733

Total rent expense for operating leases was TATS 37.715/TEUR 2.741 (1997/98: TATS 20.373).

III. NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

OPERATING INCOME

Sales

	1998/99 TATS	1998/99 TEUR	1997/98 TATS
Domestic sales	305.769	22.221	278.246
Foreign sales	1.526.590	110.942	1.386.045
Total sales	1.832.359	133.163	1.664.291

Other operating income

	1998/99 TATS	1998/99 TEUR	1997/98 TATS
Income from the disposal of tangible and intangible fixed assets	787	57	112
Income from the release of provisions	2.433	177	970
Other:			
Foreign exchange differences	23.521		8.682
Rental income	4.497		4.757
Insurance reimbursements on wages	6.698		5.657
Other income	28.197	4.572	17.413
	66.133	4.806	37.591

Termination and pension expenses

	1998/99 TATS		1998/99 TEUR		1997/98 TATS	
	Termination	Pension	Termination	Pension	Termination	Pension
Members of the Management Board	-201	1.779	-15	129	-94	1.654
Retired members of the Management Board	0	1.713	0	124	0	1.078
Executives	673	0	49	0	5.494	0
Other employees	16.510	0	1.200	0	846	0
Total	16.982	3.492	1.234	253	6.246	2.732

Other operating expenses

	1998/99 TATS	1998/99 TEUR	1997/98 TATS
Taxes (excluding taxes on income)	2.463	179	2.518
Other:			
Foreign exchange differences	31.174		30.680
Advertising expenses	108.338		95.218
Legal and consulting fees	27.042		15.826
Other	229.195	28.760	198.214
Total	398.212	28.939	342.456

During the fiscal year 1998/99 the Company employed an average of 1.697 people (1997/98: 1.562) of which 871 were wage earners (1997/98: 846), 811 were salaried personnel (1997/98: 703) and 15 were trainees (1997/98: 13)
- all figures refer to full-time jobs.

Remuneration to members of the Management Board and to the officers of the Company's subsidiaries amounted to TATS 34.640/TEUR 2.517 (1997/98: TATS 39.738).
Remuneration to members of the Supervisory Board amounted to TATS 170/TEUR 12 (1997/98: TATS 276).

During the year under review the Management Board consisted of the following members:

Fritz Humer (Chairman)
Josef Metzler (Deputy Chairman)
Karl Michael Millauer

During the year under review the Supervisory Board consisted of the following members:

Leopold Bednar (Chairman)
Emil Flückiger (Deputy Chairman)
Walter Bereuter
Manfred Wilhelm

The following persons were delegated by the Works Council:

Helmut Birnbaumer
Anna Moosbrugger-Rath

The Managing Board:

Josef Metzler m.p. Fritz Humer m.p. Karl Michael Millauer m.p.

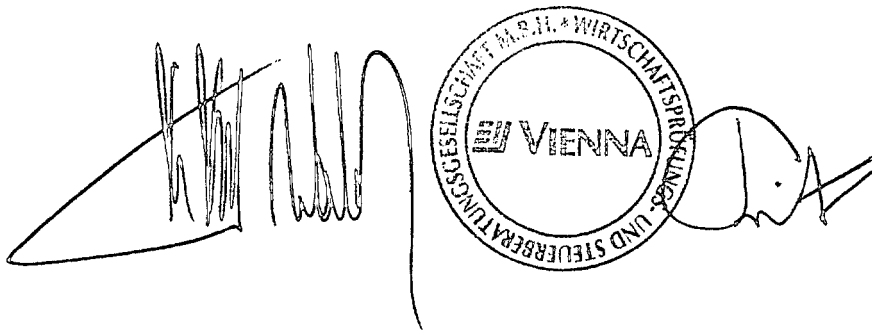
Bregenz, in June 1999

REPORT OF INDEPENDENT AUDITORS

Based on our audit performed in accordance with our professional duties,
the accounting records and consolidated financial statements of Welford AG
comply with the legal regulations in Austria.

The consolidated financial statements provide a true and fair view of the net worth,
financial position and results of operations of Welford AG
in accordance with generally accepted accounting principles in Austria.
The Management Report corresponds with the consolidated financial statements.

Vienna, 30 June 1999



VIENNA WIRTSCHAFTSPRÜFUNGS- UND
STEUERBERATUNGSGESELLSCHAFT MBH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft m.b.H.
MMag. Dr. Dieter Waldmann Dr. Karl Priester
Austrian Certified Public Accountants

WOLFORD AG AND SUBSIDIARIES
IAS CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 APRIL 1999



CONSOLIDATED BALANCE SHEET ACCORDING TO IAS AS AT APRIL 30, 1999
WOLFORD AG AND SUBSIDIARIES

ASSETS

	Annex No.	30.04.1999 TATS	30.04.1999 TEUR	30.04.1998 TATS
FIXED ASSETS				
Tangible assets	(8)	726.634	52.807	504.263
Goodwill	(9)	78.686	5.718	7.601
Intangible assets	(9)	33.900	2.464	29.764
Investments in affiliated companies	(10)	0	0	200
Financial assets	(10)	93.305	6.781	67.216
Long-term receivables	(11)	5.265	383	15.164
		937.790	68.152	624.208
DEFERRED TAX ASSETS				
	(12)	17.493	1.271	19.476
CURRENT ASSETS				
Inventories		293.622	21.338	278.210
Accounts receivable and other receivables	(13)	403.704	29.338	444.608
Securities	(14)	605.884	44.031	634.756
Cash and cash equivalents		93.212	6.774	183.766
		1.396.422	101.482	1.541.340
TOTAL ASSETS				
		2.351.705	170.905	2.185.024

CONSOLIDATED BALANCE SHEET ACCORDING TO IAS AS AT APRIL 30, 1999
WOLFORD AG AND SUBSIDIARIES

EQUITY AND LIABILITIES

	Annex No.	30.04.1999 TATS	30.04.1999 TEUR	30.04.1998 TATS
<hr/>				
SHAREHOLDERS' EQUITY	(15)			
Share capital		500.000	36.336	500.000
Capital reserves		25.001	1.817	25.001
Revaluation reserves		3.495	254	414
Revenue reserves		558.789	40.609	465.560
Translation component		500	36	2.409
Treasury stock		-34.070	-2.476	0
		1.053.715	76.576	993.384
<hr/>				
LONG-TERM LIABILITIES				
Bank loans	(16)	105.181	7.644	104.245
Retirement benefit obligations	(17)	148.350	10.781	161.487
Other long-term liabilities	(18)	28.021	2.036	24.563
		281.552	20.461	290.295
<hr/>				
SHORT-TERM LIABILITIES				
Current portion of bank loans not due within one year		14.433	1.049	14.000
Bank loans and overdraft	(19)	660.350	47.990	411.251
Income tax provisions		62.399	4.535	210.102
Short-term accruals	(20)	113.421	8.243	97.210
Accounts payable - trade		80.892	5.879	91.366
Other liabilities		84.943	6.173	77.416
		1.016.438	73.867	901.345
<hr/>				
TOTAL EQUITY AND LIABILITIES		2.351.705	170.905	2.185.024
<hr/>				

CONSOLIDATED PROFIT AND LOSS ACCOUNT ACCORDING TO IAS
YEAR ENDED APRIL 30, 1999

	Annex No.	1998/1999 TATS	1998/1999 TEUR	1997/1998 TATS
Sales	(1)	1.832.359	133.163	1.664.291
Other operating income	(2)	63.394	4.607	39.373
Change in Finished goods and work in progress		8.961	651	3.672
Operating performance		1.904.714	138.421	1.707.336
Cost of materials and cost of services received		-391.025	-28.417	-374.276
Personnel expenses	(3)	-855.993	-62.207	-790.423
Depreciation of intangible and tangible assets		-95.036	-6.907	-72.824
Other operating expenses	(4)	-393.986	-28.632	-341.053
Operating result		168.674	12.258	128.760
Interest income/expense	(5)	11.464	833	28.134
Other financial income	(6)	19.751	1.435	13.022
Result from ordinary business activities		199.889	14.527	169.916
Income taxes	(7)	-56.870	-4.133	-36.103
Net income		143.019	10.394	133.813
Earnings per share (ATS)		28,89	2,10	26,76

CASH FLOW STATEMENT ACCORDING TO IAS
YEAR ENDED 30, APRIL 1999

	1998/99 TATS	1998/99 TEUR	1997/98 TATS
Net income	143.019	10.394	133.813
+ Depreciation of tangible and intangible assets	95.036	6.907	72.824
+(-) Gain (Loss) on the disposal of fixed assets	-787	-57	-112
+(-) Gain (Loss) on the disposal of securities	-18.206	-1.323	-4.775
+(-) Write-up of assets	-834	-61	0
+(-) Increase (reduction) in the retirement/termination obligations	-13.137	-955	6.064
+(-) Increase (reduction) in the deferred tax assets	3.562	259	-639
+(-) Increase (reduction) in long-term receivables	9.899	719	-8.583
+(-) Increase (reduction) in other long-term liabilities	3.458	251	-12.799
+(-) Increase (reduction) in inventories	-15.412	-1.120	1.051
+(-) Increase (reduction) in tax provisions	-147.703	-10.734	-12.499
+(-) Increase (reduction) in receivables and other accounts receivable	40.905	0	36.969
+(-) Increase (reduction) in short-term provisions	16.211	2.973	-73.352
+(-) Increase (reduction) in accounts payable	-10.474	1.178	-21.100
+(-) Increase (reduction) in other short-term liabilities	-7.527	-761	-1.753
	547		-24.056
= CASH FLOW FROM OPERATING ACTIVITIES	113.064	8.217	91.053
+ Proceeds from the sale of securities	221.468	16.095	208.368
- Purchases of securities	-199.645	-14.509	-229.404
+ Translation component	-1.816	-132	-1.033
+ Proceeds from the sale of fixed tangible and intangible assets	0	0	8.158
- Purchases of goodwill	5.766	419	-4.703
- Purchases of intangible assets	-76.113	-5.531	-200
- Purchases of tangible assets	-16.404	-1.192	-17.724
	-303.274	-22.040	-225.990
= CASH FLOW FROM INVESTING ACTIVITIES	-370.018	-26.890	-262.528
+ Proceeds from short-term borrowings	319.781	23.239	221.199
+ Proceeds from long-term borrowings	5.200	378	7.057
- Payments of short-term borrowings	-70.655	-5.135	0
- Payments of long-term borrowings	-3.856	-280	-5.000
- Treasury stock	-34.070	-2.476	0
- Dividends paid	-50.000	-3.634	-50.000
= CASH FLOW FROM FINANCE ACTIVITIES	166.400	12.093	173.256
Change in cash and cash equivalents	-90.554	-6.581	1.781
Cash and cash equivalents at the beginning of the period	183.766	13.355	181.985
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	93.212	6.774	183.766

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY ACCORDING TO IAS
AT APRIL 30, 1999

ATS in thousands	Share Capital	Capital Reserves	Revenue Reserves	Revaluation Reserves	Translation Component	Treasury Stock	Total
Balance at May 1, 1997	500.000	25.001	379.388	3.855	2.200		910.444
Dividends paid 1997/98			-50.000				-50.000
Current year income			133.813				133.813
Other changes without effects on income			2.359	-3.441	209		-873
Balance at April 30, 1998	500.000	25.001	465.560	414	2.409		993.384
TEUR	36.336	1.817	33.834	30	175	0	72.192
Dividends paid 1998/99			-50.000				-50.000
TEUR			-3.634				-3.634
Current year income			143.019				143.019
TEUR			10.394				10.394
Other changes without effects on income			210	3.081	-1.909	-34.070	-32.688
TEUR			15	224	-139	-2.476	-2.376
Balance at April 30, 1999	500.000	25.001	558.789	3.495	500	-34.070	1.053.715
TEUR	36.336	1.817	40.609	254	36	-2.476	76.576



MAJOR DIFFERENCES BETWEEN AUSTRIAN ACCOUNTING POLICIES AND INTERNATIONAL ACCOUNTING STANDARDS

In line with paragraph 245a HGB (Austrian Commercial Code), the company plans to change its group accounting to International Accounting Standards beginning with May 1, 1999.

Therefore in addition to the Austrian consolidated financial statements established in line with HGB parallel consolidated financial statements were prepared in agreement with IAS. The regulations under IAS 1 (Presentation of Financial Statements - revised 1997), IAS 16 (Property, Plant and Equipment), IAS 17 (Accounting for Leases - revised 1997), IAS 18 Intangible Assets, IAS 19 (Employee Benefits - revised 1998), IAS 22 (Business Combinations), IAS 36 (Impairment of Assets) and IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) have already been applied in full.

The most important IAS adjustments as well as their effects on the consolidated net income and shareholders' equity (at April 30, 1999 and April 30, 1998) are summarized as follows:

Net income reconciliation	comp.	1998/99 TATS	1998/99 TEUR	1997/98 TATS
Net income under HGB		142.221	10.336	126.569
IAS adjustments				
<i>Pensions and termination provisions</i>	<i>a</i>	19.318	1.404	-12.495
<i>Anniversary provisions</i>	<i>b</i>	-1.930	-140	1.870
<i>Foreign currency translation</i>	<i>c</i>	2.892	210	-317
<i>Foreign currency transactions</i>	<i>d</i>	-1.097	-80	359
<i>Hedging agreements</i>	<i>e</i>	-1.641	-119	1.740
<i>Securities</i>	<i>f</i>	-1.956	-142	4.638
<i>Financial lease</i>	<i>g</i>	213	15	231
<i>Inventory valuation</i>	<i>h</i>	-1.209	-88	1.072
<i>Deferred taxes</i>	<i>i</i>	-9.816	-713	9.267
Tax effects of the IAS adjustments	<i>j</i>	-3.977	-289	879
Net income according to IAS		143.019	10.394	133.813
Earnings per share according to IAS		28,89	2,10	26,76

Shareholders' equity reconciliation	comp.	30.4.1999 TATS	30.4.1999 TEUR	30.4.1998 TATS
Shareholders' equity under HGB		1.053.287	76.545	960.963
IAS adjustments				
<i>Pensions and termination provisions</i>	<i>a</i>	5.117	372	-14.201
<i>Anniversary provisions</i>	<i>b</i>	258	19	2.188
<i>Foreign currency translation</i>	<i>c</i>	0	0	0
<i>Foreign currency transactions</i>	<i>d</i>	0	0	1.097
<i>Hedging agreements</i>	<i>e</i>	404	29	2.045
<i>Securities</i>	<i>f</i>	7.067	514	5.942
<i>Financial lease</i>	<i>g</i>	3.505	255	3.292
<i>Inventory valuation</i>	<i>h</i>	2.323	169	3.533
<i>Deferred taxes</i>	<i>i</i>	20.000	1.453	29.816
Tax effects of the IAS adjustments	<i>j</i>	-4.177	-304	-1.292
Net income according to IAS		1.087.785	79.052	993.384

a. Provisions for pensions and termination payments

In accordance with Austrian HGB, the Company provides for pension costs based upon actuarial valuations using the entry age method and a discount rate of 6%.

Termination payments are provided for by the use of a present value calculation using a discount rate of 4%. Salary increases are not considered. A fluctuation rate of 9% is applied.

In compliance with IAS 19 (revised 1998) the pensions and termination obligations were determined for the current financial year on the basis of the Projected Unit Credit Method. IAS 19 (revised 1998) was applied for the first time in financial year 1998/99. The gain resulting from the transition as of May 1, 1998 in the amount of TATS 17.494/TEUR 1.271 was recognized in the current financial year in accordance with the requirements of IAS 19 (revised 1998).

Under IAS the pensions and termination provisions are calculated in accordance with the Projected Unit Credit Method and are based on the following parameters:

Wage/salary trend	3%
Interest rate	6%

In total arriving at a netted discount rate of 3% in the calculation.

b. Provisions for jubilee bonuses

IAS 19 (revised 1998) is also applied for the calculation of jubilee bonuses.

c. Foreign currency translation

With the exception of depreciation, which is translated at the closing rate of the period, the profit and loss statements of the foreign subsidiaries are translated at the average exchange rates for the fiscal year. The profit for the year shown in the balance sheet is translated at the closing rate. The resulting translation adjustment is recorded in the profit and loss statement under the position "other operating income/expenses". According to IAS, these differences are recognized in shareholders' equity as part of the translation component.

d. Foreign currency transactions

In conformity with Austrian HGB, receivables and liabilities denominated in foreign currencies are translated into the respective local currency at the buying or selling rate on the day they are incurred. At the balance sheet date the lower of cost or market resp. the higher of cost or market is applied for valuation purposes. Unrealized gains are not recorded.

Under IAS, receivables and liabilities denominated in foreign currencies are translated into the respective local currency using the exchange rate at the balance sheet date. Unrealized gains/losses are recognized in the profit and loss statement.

e. Hedging agreements

Wolford enters into forward exchange contracts to limit its exposure to the effects of foreign currency translations for its accounts receivable denominated in foreign currencies as well as for anticipated sales denominated in currencies other than Austrian Schilling. Under Austrian HGB, unrealized losses on foreign exchange forward contracts have to be accrued; unrealized gains are not recognized.

Under IAS derivative financial instruments - for which no "hedging accounting" is allowed - are valued at fair value. Resulting gains or losses are recognized in income.

f. Securities

In line with IAS 25, securities are valued at fair value. Temporary fluctuations in fair value are charged to shareholders' equity and are shown as revaluation reserves.

g. Financial Leases

In compliance with Austrian HGB, lease contracts made by the parent company for a warehouse in Bregenz are treated as operating lease. Under IAS not the contractual form but the economic form is important, therefore this lease contract has to be considered as financial lease.

h. Inventories

Inventories are valued at their production costs. According to an option provided in Austrian HGB, Wolford does not capitalize social expenses. As under IAS no such option is possible, all social expenses related to the production are included in the inventory costs.

i. Deferred taxes

In line with IAS temporary differences between the tax and commercial balance sheets are determined as deferred tax assets and deferred income tax payable by applying the national tax rate prevailing at that time. Future tax losses carried forward are capitalized to the extent that they will be reversed within a foreseeable period.

**SUPPLEMENTARY NOTES TO THE IAS CONSOLIDATED FINANCIAL STATEMENTS
AS OF APRIL 30, 1999**

TAXES ON INCOME

The effective income tax rate for the fiscal year 1998/99 in the consolidated financial statements amounts to about 28,5% (1997/98: 21,2%).

The income tax expense is as follows:

	1998/99 TATS	1998/99 TEUR	1997/98 TATS
Current tax expense			
<i>Austria</i>	55.338	4.022	43.808
<i>Other countries</i>	12	1	(1.822)
Deffered tax expense (income)			
<i>Austria</i>	1.493	108	(5.833)
<i>Other countries</i>	27	2	0
Total	56.870	4.133	36.103

Current tax expenses and deferred taxes have been calculated using the current Austrian corporate tax rate of 34 %.

A reconciliation of income taxes determined using the statutory rate to the effective income tax rate is as follows:

	1998/99 TATS	1998/99 TEUR	1997/98 TATS
Income tax expense at a rate of 34%	67.962	4.939	57.771
Foreign tax rate differential	1.628	118	399
Research allowances	(2.597)	(189)	(1.356)
Tax free investment earnings	(1.508)	(110)	(3.246)
Tax payments/ credits due to tax assessments	(6.480)	(471)	(5.536)
Losses not subject to deferred taxation	(4.159)	(302)	(6.853)
Other	2.024	147	(5.184)
Effective income tax expense	56.870	4.133	36.103
Effective tax rate in %	28,5%	28,5%	21,2%

DEFERRED TAX ASSETS

Deferred tax assets result from the following temporary valuation and accounting differences between the book values in IAS accounts and their corresponding tax assessment bases:

	30.4.1999 TATS	30.4.1999 TEUR	30.4.1998 TATS
Deferred tax assets			
Retirement provisions	12.528	910	16.606
Deferred taxes on tax loss carry-forwards	20.000	1.453	13.173
Total deferred taxes assets	32.528	2.363	29.779
Deferred tax liabilities			
Consolidation entries	(10.052)	(731)	(5.702)
Tangible assets	(1.192)	(87)	(1.119)
Inventory	(790)	(57)	(1.201)
Securities	(1.214)	(88)	(1.880)
Other	(1.787)	(130)	(401)
Total deferred tax liabilities	(15.035)	(1.093)	(10.303)
Total	17.493	1.271	19.476

The major part of the loss carry-forwards from subsidiaries have an indefinite life and may be used to offset the Company's and its consolidated subsidiaries future taxable income.

RETIREMENT BENEFIT OBLIGATIONS

Pensions and termination payments are calculated in accordance with IAS 19 (revised 1998).

PROVISIONS FOR PENSION PAYMENTS

Based on single agreements, Wolford operates a pension scheme for active and retired (former) members of the board of management.

Calculations in accordance with the Projected Unit Credit Method were based on the following parameters:

Biometric accounting basis

1998 Charts by Dr. Klaus Heubeck

Interest rate	6,0 % p.a.
Wage/salary trend	3,0 % p.a.
Average employee turnover	9,0 % p.a.

PROVISIONS FOR TERMINATION PAYMENTS

Under applicable statutory regulations employees of the Austrian Group companies are entitled to a one-time severance indemnity payment on termination of their employment or at the time of their retirement. This payment is based on years of service with the company and the salary at the time of termination of employment or retirement. The "corridor regulation" was applied for actuarial gains/losses.

Calculations by the Projected Unit Credit Method were based on the following parameters:

Biometric accounting basis

1998 Charts by Dr. Klaus Heubeck

Interest rate	6,0 % p.a.
Wage/salary trend	3,0 % p.a.
Average employee turnover	9,0 % p.a.

In financial year 1998, the movement of provisions in the parent company was as follows:

	30.4.1999 TATS	30.4.1999 TEUR	30.4.1998 TATS
Present value of the pensions and termination benefits as of May 1,	141.212	10.263	134.922
Current service cost	8.661	629	9.225
Interest cost	9.457	687	9.607
Actual benefit payments	-13.754	-1.000	-11.161
Actuarial gain/loss during the year	15.837	1.151	0
Present value of the pensions and termination benefits as of April 30	161.413	11.730	142.593
Cumulated actuarial gain/loss not taken into account	-14.456	-1.051	0
Unrealized transitional gains	0	0	17.949
Provisions as of April 30	146.957	10.680	160.542

As IAS 19 (revised 1998) is applied for the first time in financial year 1998/99 the unrealized transitional gain as of May 1, 1998 was fully recognized in financial year 1998/99.

The high actuarial loss for the financial year 1998/99 is due to an adjustment of the interest rate from 7% to 6% as well as to the first application of the 1998 mortality chart of Dr. Heubeck.

NOTES TO THE CASH FLOW STATEMENT

The cash flow statement of Woford AG and subsidiaries shows the changes in cash and cash equivalents resulting from the inflow and outflow of funds during the reporting year.

Liquid funds represent only the balance sheet item "cash and bank balances". The cash flow statement differentiates between payment flows arising from operating activities, investing activities, and financing activities.

CASH FLOW FROM OPERATING ACTIVITIES

The cash flow from operating activities is presented according to the indirect method, i.e. the net income (after tax) is adjusted by non-cash expenditures and proceeds. Cash flow from operating activities also includes changes in net working capital excluding liquid funds.

CASH FLOW FROM INVESTING ACTIVITIES

The acquisition of tangible and intangible assets totaled TATS 395.791/TEUR 28.763. This outflow is mainly due to an investment in a new building for knitware and clothing ("Strickerei, Konfektion, Sortierung 2") and for the extension of business activities in North America and China.

Investments in securities are mainly related to the purchase of investment fund certificates.

The cash flow from investing activities amounts to TATS 370.018/TEUR 26.890 after deduction of the proceeds from the sale of fixed assets; thus only part of the investments made could be financed through operating activities.

CASH FLOW FROM FINANCING ACTIVITIES

The inflow from financing activities results from an increase in financial liabilities amounting to TATS 324.981/TEUR 23.617. TATS 74.511/TEUR 5.415 were repaid according to schedule.

ADDITIONAL INFORMATION TO THE CASH FLOW STATEMENT

	1998/99 TATS	1998/99 TEUR	1997/98 TATS
Interest payments	(23.362)	(1.698)	(18.392)
Income tax payments	(115.351)	(8.383)	(116.535)

SEGMENT REPORTING

Wolford AG is a manufacturer of high-quality hosiery, bodysuits and swimbodies for the luxury market. The management information system is exclusively set up according to regions.

SEGMENTAL DATA BY REGION

	Austria		Other European countries		North America		Asia		Consolidation entries		Wolford Group	
	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999
Sales	1,346,186	1,463,206	1,059,098	1,196,448	121,442	124,761	5,513	36,484	-867,948	-988,540	1,664,291	1,832,359
TEUR	97,831	106,335	76,968	86,949	8,826	9,067	401	2,651	-63,076	-71,840	120,949	133,163
thereof Group sales	867,948	988,540	0	0	0	0	0	0	-867,948	-988,540	0	0
TEUR												
Outside sales	478,238	474,666	1,059,098	1,196,448	121,442	124,761	5,513	36,484	0	0	1,664,291	1,832,359
TEUR	34,755	34,495	76,968	86,949	8,826	9,067	401	2,651	0	0	120,949	133,163
Operating profit	148,124	224,394	-5,561	10,116	6,894	-11,136	-7,646	-17,205	-13,051	-37,495	128,760	168,674
TEUR	10,765	16,307	-404	735	501	-809	-556	-1,250	-948	-2,725	9,357	12,258
Operative assets	1,448,847	1,562,016	332,179	364,667	49,499	133,918	36,749	61,379	-384,422	-469,464	1,482,852	1,652,516
TEUR	105,292	113,516	24,140	26,501	3,597	9,732	2,671	4,461	-27,937	-34,117	107,763	120,093
Operative liabilities	1,248,804	1,305,457	291,443	313,652	40,890	134,653	43,440	76,993	-432,937	-532,765	1,191,640	1,297,990
TEUR	90,754	94,871	21,180	22,794	2,972	9,786	3,157	5,595	-31,463	-38,718	86,600	94,329
Investments	234,364	360,075	36,233	34,775	4,536	88,770	11,342	14,769	-37,182	-68,528	249,293	429,861
TEUR	17,032	26,168	2,633	2,527	330	6,451	824	1,073	-2,702	-4,980	18,117	31,239
Depreciation	63,377	68,367	7,168	12,740	1,245	10,775	1,034	3,154	0	0	72,824	95,036
TEUR	4,606	4,968	521	926	90	783	75	229	0	0	5,292	6,907
Employees	1,337	1,438	223	243	18	76	14	58			1,592	1,815

BUSINESS ACTIVITIES WITH RELATED COMPANIES

One of the Company's principal customers is "Palmers Textil AG", a subsidiary of P Beteiligungs AG. P Beteiligungs AG, Palmers' family members and M. Erthal u. Co Beteiligungsgesellschaft mbH", which is owned by the Palmers' family, own bearer shares amounting to more than 2.250.000 pieces with a nominal value of more than ATS 225.000.000/EUR 16.351.387. This accounts for 45%-50% of the share capital as of April 30, 1999.

Sales to Palmers Textil AG totaled to TATS 129.564/TEUR 9.416 (1997/98: TATS 94.877). As of April 30, 1999 total accounts receivable from Palmers Textil AG amounted to TATS 23.400/TEUR 1.700 (30.4.1998: TATS 5.224)

FINANCIAL LEASE

The parent company leases a warehouse in Bregenz. According to IAS, the lease agreement is considered as financial lease whereas under Austrian HGB it is considered as operative lease.

The capitalized lease amounts of the tangible asset as well as the accumulated depreciation are as follows:

	1998/99 TATS	1998/99 TEUR	1997/98 TATS
Warehouse	18.780	1.365	18.780
Accumulated depreciation	(7.511)	(546)	(6.886)
Buildings on land owned by 3 rd parties	11.269	819	11.894

Annual depreciation for assets additionally capitalized under IAS amounts to TATS 626/TEUR 46 (1997/98: TATS 626).

At April 30, 1999 annual lease rates as well as the net financial obligation for the following years resulting from financial leases are as follows:

	TATS	TEUR
1999/00	1.239	90
2000/01	1.239	90
2001/02	1.239	90
2002/03	1.239	90
2003/04	1.239	90
2004/05 and after	3.435	250
Total obligation	9.630	700
Less: amount representing interest	(1.867)	(136)
Present value of net min. lease payments under capital lease	7.763	564
Less: current portion	(792)	(58)
Long-term portion	6.971	(506)





Marie Claire Australia 5/98
Product: Velvet de Luxe

REPORT OF INDEPENDENT AUDITORS

We have audited
the accompanying consolidated balance sheets of Wölford AG as of April 30, 1999 and 1998
and the related statements of operations
and retained earnings and cash flows for the years then ended.

These financial statements are the responsibility of the Company's management.
Our responsibility is to express an opinion on these financial statements based on our audits.

The audit of certain group subsidiaries was performed by other auditors.
Our opinion insofar as it relates to the amounts included for those subsidiaries,
is based solely on the report of the other auditors.

We conducted our audits in accordance with International Standards on Auditing
established by the International Federation of Accountants Committee (IFAC).
Those standards require that we plan and perform the audit to obtain reasonable assurance
about whether the financial statements are free of material misstatement.

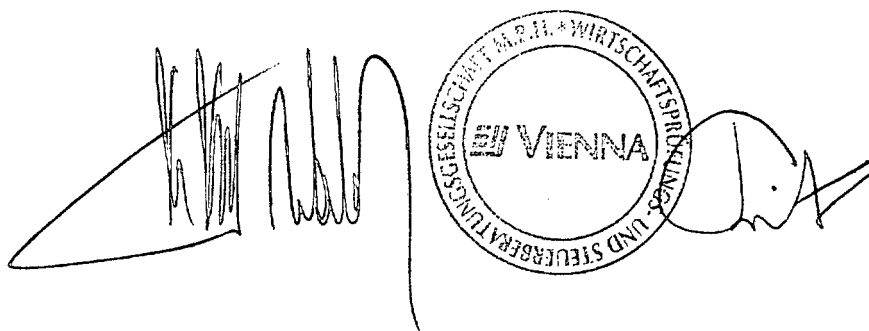
An audit includes examining, on a test basis,
evidence supporting the amounts and disclosures in the financial statements.

An audit also includes assessing the accounting principles used
and significant estimates made by the management,
as well as evaluating the overall financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects,
the financial position of Wölford AG at April 30, 1999 and 1998,
and the results of its operations and its cash flows for the years then ended
and have been properly prepared
in conformity with International Accounting Standards
issued by the International Accounting Standards Committee (IASC).

Vienna, 30 June 1999



VIENNA WIRTSCHAFTSPRÜFUNGS- UND
STEUERBERATUNGSGESELLSCHAFT MBH

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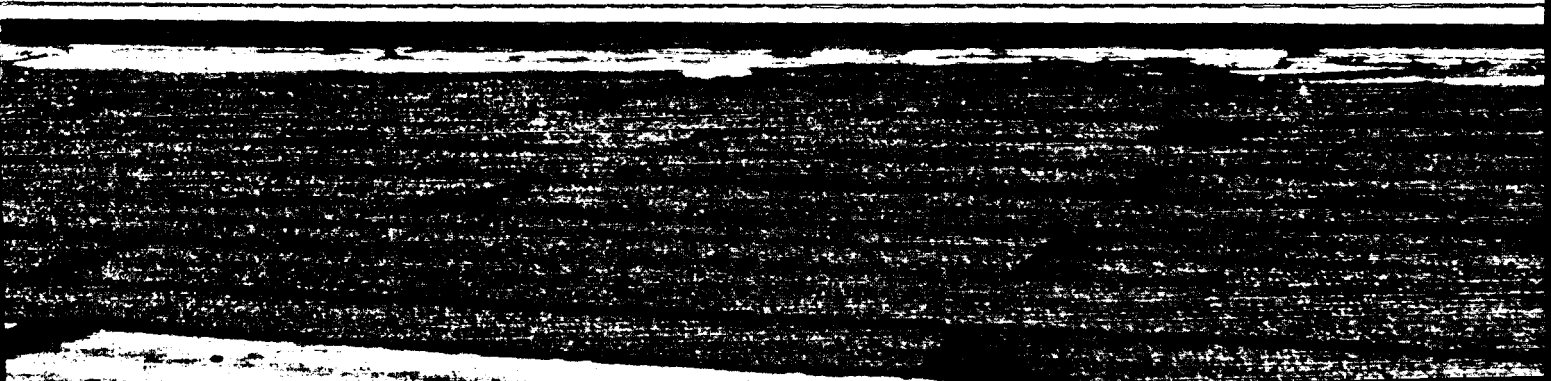
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Welford

EXTENSION POTENTIAL



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